NC DHHS Business Plan

Prepared for the

NC DHHS Division of Information Resource Management

in response to
S.B. 622-10.1(a)

prepared by
The Office of Policy and Planning
December 1, 2006

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Mission

The mission of the North Carolina Department of Health and Human Services is to provide efficient services that enhance the quality of life of North Carolina individuals and families so that they have opportunities for healthier and safer lives resulting ultimately in the achievement of economic and personal independence.

Vision

By 2008, the North Carolina Department of Health and Human Services will be a national leader in improving the health, safety, and independence of its residents.

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Part I:

Introduction

Background of the NC DHHS Business Plan

Information technology management in North Carolina has been in a state of change for several years. A newly created NC Information Technology Services (NC ITS), headed by NC's first State Chief Information Officer, reporting directly to the governor, is leading the state toward consolidated IT decision making, funding and control. In order for NC ITS to perform its coordinating and control function, the legislature enacted Senate Bill 622-10.1 (a) (see Appendix 1) which requires the North Carolina Department of Health and Human Services to develop an IT plan that will lead to the development of an "enterprise-wide" approach to future IT design and utilization. The statute required the IT plan to be based on a broader business plan that identifies business requirements within NC DHHS for the next three to five years. The purpose of the business plan is to aid NC DHHS's Division of Information Resource Management (DIRM) in development of an IT plan "tied directly to business requirements", and subsequently, the enterprise architecture plan for the department. NC DHHS' Office of Policy and Planning (OPP) assumed the responsibility of developing the business plan and worked closely with DIRM over the past year to complete this legislative requirement.

Most government planning efforts generally focus on programs and services and whether they adequately provide for the improved wellbeing, safety and health of the public, as well as where those programs and services should be organized within state government. However, planning around *what* we do with regard to programs and services is often done outside of NC DHHS—either by advocates or providers or specific populations that push for changes in federal or state requirements. Since the business plan was to identify business requirements, OPP focused on the operational aspects of DHHS rather than the programmatic aspects. In other words, this business plan focuses on *how* we do what we do rather than *what* we do.

Just as in programmatic aspects, *how* NC DHHS conducts its business is rarely an entirely internal decision making process. Everything is subject to multiple layers of oversight—from changing an IT system, to signing a new lease or contract, to determining availability and allocation of financial resources, to most personnel decisions. Like other government entities, NC DHHS is delegated enormous responsibility, is expected to satisfy often competing stakeholders, and is not in total control of its future. While oversight is essential to protect tax dollars and to guarantee the safety and health of the public, it is time to take a close look at operations and determine steps to improve *how* we operate when oversight and outside influences limit authority and slow response times. The requirements in Senate Bill 622.10-1(a) provided the impetus for just such a study at NC DHHS. Thus, three goals were established for this business planning process:

- Meet the legislative requirements of SB 622-10.1(a) so that DIRM would have clear direction for the IT plan and the Enterprise Architecture plan
- Identify the fundamental high level NC DHHS business drivers for the next three to five years
- Gather broad information that will inform future operational improvements across the NC DHHS spectrum.

The Planning Process

As in all daunting tasks, the first question was where to start. OPP and the Enterprise Architecture (EA) team at DIRM developed survey instruments to gather information in a standardized manner. Additionally, they agreed to meet on a regular basis, to utilize a standardized reporting format as a means of keeping each other apprised of project status, and to follow an agreed upon time line for the project. It

was determined that the DHHS Program Management Database (PMD) would be used by the EA team to identify all programs and services in the department. Those programs and services were individually canvassed by the EA team to gain an understanding of the business objectives of those programs and services. In the process, the EA team developed an exhaustive inventory of the department's IT systems and a perspective of the business needs they support. OPP and the EA team kept the focus on the business needs rather than any specific IT needs.

OPP developed an interactive Business Plan Questionnaire (see Appendix 2) which NC DHHS divisions and offices used to provide consistent information for review. The information from those questionnaires, along with information from individual follow-up meetings with all those agencies and other information provided was used for two purposes. The first was to develop individual agency profiles so that individual missions, goals and needs of the various agencies would receive the attention they deserve. Executive level staff also were interviewed, and their input is summarized in the Executive Profile. Only those functional areas composed of one or two people and which do not utilize specific IT systems, are not included in this final document although an attempt was made to gather information from all separate entities.

The second purpose of the questionnaire was to accumulate information that would inform the broader NC DHHS perspective. Operational issues and demographic trends identified in the business plan questionnaire and the follow-up discussions were evaluated and summarized by OPP to determine over-arching issues and challenges facing the department. This information is presented in Appendices 3 and 4. Additionally, OPP used this information to develop a Strengths, Weaknesses Opportunities and Threats (SWOT) analysis for the department; it is presented in Appendix 5.

During the information gathering phase, OPP and the DIRM EA team also studied examples of other public and private sector business plan outlines as well as IT plans and agency strategic plans. A traditional operational approach was selected as the means for presenting the results of the business planning process.   In addition, it was determined that in order to provide DIRM the guidance needed to develop the IT and EA plans, the business plan needed to highlight the overarching business drivers that are fundamental to DHHS future operations.   After lengthy discussions and gleaning of information provided, review of interview notes and the SWOT analysis, five overarching drivers were developed. These drivers, along with some approaches to manifesting them, are presented immediately following this Introduction.

The Business Plan Overview

As the reader can see, a significant amount of information was gathered during this process, and this document is quite lengthy. But, to facilitate review by multiple potential audiences, and to allow for ease of use of all the information gathered, the plan is organized in the following manner:

⇒ Part I —Introduction
⇒ Part II—The Business Plan. This section presents the essence of the overall department business plan. It is presented according to the following business functions:
- Management Vision and Control
- Information Technology
- Workforce
- Program and Service Delivery
- Budget and Finance
- Communications
- Buildings and Facilities

⇒ Part III—Divisions and Offices Profiles. This section contains profiles on individual programmatic and support divisions and offices within NC DHHS. These profiles offer an excellent view of the special circumstances of the specific divisions and provide an opportunity to reflect the unique responsibilities of those entities

⇒ Part IV—Appendices. This section contains demographic information and operational issues gathered during this process.

Planning in a Changing Environment

Like other agencies of state government, NC DHHS is impacted by multiple and significant demographic trends. (See Appendix 4 for a summary of demographic trends.) North Carolina's population is growing rapidly and is expected to increase 55% by 2030. In the 65+ age category, the increase will be over 1.2 million, or about 125%. The state also is becoming more multi-lingual and multi-cultural as evidenced by a 450% increase in the foreign born population since 1990. In the same period, the illegal immigrant population in North Carolina is estimated to have grown nearly 1,600% (from 25,000 to 395,000), among the highest percentage increases in the nation. This larger, aging and more diverse population will increasingly stress resources of a human services department chartered to provide programs and services to all who are in need. It is clear that these changing demographics require greater fluidity and faster implementation once change is identified.

NC DHHS has defined success through a Mission and Vision that emphasize "… opportunities for healthier and safer lives resulting ultimately in the achievement of economic and personal independence." To recognize these objectives, in a world where human and financial resources will always be in short supply, DHHS must achieve operational excellence through adherence to the drivers identified in this very timely business planning process.

In many cases, these factors are within the Department's control: better operational management, including adoption of benchmarks and best practices; adapting to cultural change that will enable better information sharing with a focus on performance management; and utilizing management tools provided through improved information technology and data management.

Other important factors are not in the Department's direct control: legislative funding decisions; state-mandated policies, procedures and oversight; and federal/state mandates that may or may not include associated resources. Even though this business plan has identified factors that impact our ability to achieve operational excellence and that will direct our actions, it must be recognized that DHHS' success is contingent upon receiving the support and cooperation of external entities.

In closing, it is important to recognize that a business plan is a fluid document. It provides a road map to the future. But the challenge is great, and the road map must be referred to often. It must frequently be reviewed in light of internal and external limitations, but the overarching drivers that follow can guide future actions and provide the basis for future decision making for the Department of Health and Human Services and its individual divisions and offices.

Business Drivers

✓ **NC DHHS will employ an enterprise-wide approach in the design and delivery of programs and services for the ultimate benefit of North Carolina residents by:**
  - Implementing evidence based practices with an emphasis on prevention
  - Providing seamless access to an array of services that are locally available, client and family centric and outcome oriented
  - Utilizing program funds in a flexible manner that is responsive to changing needs, maximizes outcomes and meets state and federal requirements
  - Ensuring access to services by people with disabilities and those who may have special needs relating to language, culture, or ethnicity.

✓ **NC DHHS will sustain a culture of continuous improvement by:**
  - Identifying and implementing best practices and measuring for results
  - Empowering decision makers
  - Sustaining a high performance workforce
  - Providing tools to enable decision making

✓ **NC DHHS business needs will drive operational decisions and resource allocation by:**
  - Maximizing the use of human, technological and financial resources to enable business activities through coordinated planning processes

✓ **NC DHHS will leverage resources to achieve operational efficiencies by:**
  - Streamlining business processes
  - Implementing process improvement prior to automation
  - Enhancing access and transparency of information
  - Identifying opportunities for cost avoidance, savings and recovery
  - Ensuring the continuity, reliability and security of data and support systems

✓ **NC DHHS will enhance internal and external communications and marketing efforts to continue our focus on customer service by:**
  - Analyzing complaints and call center data to shorten response times and improve programs and services
  - Applying technology and best business practices to improve the ways in which we collect, share, analyze and use information from stakeholders and consumers
  - Targeting messages to the public about NC DHHS programs and services and their impact on the quality of life in North Carolina
  - Supporting the tools, processes, and resources necessary to inform and connect a large, diverse and geographically dispersed workforce

Part II:

The Business Plan

Summary information provided in this section is based on agency responses to the NC DHHS business plan questionnaires, the follow-up interviews and additional information when provided. (See the attached appendices for individual agency profiles, demographic summary information, Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, and other supporting documentation.)

As stated in the Introduction, the business plan is presented according to the following business functional areas:

- ⇒ Management Vision and Control
- ⇒ Information Technology
- ⇒ Workforce
- ⇒ Program and Service Delivery
- ⇒ Budget and Finance
- ⇒ Communications
- ⇒ Buildings and Facilities

Management Vision and Control

As defined in G.S. 143 B-10, the Secretary of NC DHHS is responsible for the functions of management and administration which include: planning, organizing, staffing, coordinating, evaluating, reporting and budgeting. That same level of responsibility is shared with and delegated to the directors of the agencies of the department.

***Management* is generally thought of as unified leadership of an organization that includes controlling policy, business and budgetary activities, products and/or programs, internal operational controls, and intelligent foresight so that decisions are centralized, implemented and beneficial to the success of the organization. In other words, management vision and control must include not only the responsibility but also the authority to allocate all available resources in such a manner to achieve the mission and goals of the organization.**

Current Environment

Management of NC DHHS is a challenge not because of a lack of management vision or dedicated leadership; rather the challenge is created by the delegation of enormous responsibility without the independent authority to control the direction and management of the organization. Furthermore, there are a myriad of state and federal laws, rules and regulations that control the majority of NC DHHS endeavors. Most agree that NC DHHS has strong leadership in its Secretary and that agency directors are programmatically very committed; yet strong leadership is frustrated by the system in which it must operate. Instead of being nimble and promptly responsive to ever-changing population needs and programmatic mandates, NC DHHS operates in a system characterized by:

- "siloed" funding streams that limit flexibility;
- multiple layers of review which are time consuming, create disjointed decision making and may result in duplicative requests for information;
- a governmental tendency toward incremental change which may create less than desired outcomes in favor of modest modifications;
- growth in demand for services without a corresponding growth in resources;
- inflexible human resource rules and regulations that stymie management authority, productivity and morale;
- a patchwork of legacy systems that do not communicate or facilitate data sharing;
- a lack of systems to effectively support business processes;
- an historic emphasis on transactions and activities rather than outcomes and performance paired with a wariness toward process improvement analyses;

- a workforce that is spread over the entire state in more than 900 mostly outmoded buildings, 200 leased locations, and hundreds of private homes with LANs, telephone systems, calendar, and email software that are often incompatible, and
- external influences that demand immediate action to the extent that internal planning and control is difficult to achieve.

All of these factors contribute to an environment of frustration and a preference for avoiding the controversy and hassles that accompany change. A work environment with multiple layers of oversight and second guessing produces managers who learn to "make do" by working around system problems rather than solving them.

Key Operational Issues

Management is done by people using skills, information and tools to conduct analysis and develop recommended courses of action to maximize utilization of scarce resources to achieve mission and goals. Yet a review of the ten most frequently mentioned operational issues (see PAGE 137) indicates that both programmatic and support agencies within NC DHHS do not feel as though they control the necessary resources to provide maximum performance. Out of the top ten issues the operational agencies list four as workforce related, two as process related and one as IT related. The programmatic agencies list three as workforce, three as IT and one as process improvement.

> *To accomplish several key projects, such as strengthening fraud and abuse efforts, and ensure adequate financial monitoring, the Division of Medical Assistance (DMA) requested an additional forty three permanent, full-time employees. As part of the justification for the positions, it was demonstrated that Medicaid recoupments alone, through increased fraud and abuse efforts, would more than pay for the positions. After consideration of all internal requests, DHHS executive leadership approved the request and included it in its expansion budget. Subsequently, the Office of Management & Budget denied the request in total because they did not believe the positions were needed.*

Over the last several years, NC DHHS senior management has promoted several performance based management initiatives—performance based contracts, creation of centers of excellence, development of a program management database, instituted a program review process, supported such system-wide program performance improvements as NCFast, placed a greater emphasis on customer service, and other efforts to improve the way we manage ourselves and our work. These initiatives are producing results; however, there are numerous operational issues that continue to hinder NC DHHS management direction and control.

Two of these issues are of pre-eminent importance—our workforce and our need to expand and improve IT resources. Like other governmental agencies, NC DHHS is facing a looming management brain drain that will greatly impact the future leadership of NC DHHS. Senior managers in most of our agencies are nearing retirement and wondering how and where to identify future leaders (see also the section on Workforce, p. 24). On the Horizon, published by the Retirement System Division of the NC Department of State Treasurer, spring 2005, stated that "North Carolina is staring at a retirement curve that's projected to climb steadily over the next 17 years, as more baby boomers leave work and retire. Over the 17-year period, retirements are expected to increase 141%." Applying these numbers to a department as large and critical as NC DHHS paints a dire management future. Somehow we must eliminate current inhibitions on attracting, retaining, training, and rewarding staff based on performance rather than longevity and programmatic expertise. If NC DHHS is not able to take immediate steps in this direction, how can future management vision and control be guaranteed?

Additionally, the department collects enormous amounts of information in autonomously designed and funded databases which cannot communicate with each other, thus creating information silos which impede department-wide analysis. These silos are created by both the perception and the reality of restrictive programmatic funding that limits access to information and that earmarks funds for particular purposes. Add to these the layered and time consuming review by IT, budget, contracting and other entities—internally and externally—and our reliance on legacy systems that date as far back as the 1970's, and it becomes nearly impossible for department management to be nimble, quickly responsive and creative in its decision making. Updating IT needs in a timely and thorough manner would provide a new level of interoperability that will improve communications, reduce silos, and allow broader analysis and utilization of resources to better manage our day-to-day operations and to better serve the people of North Carolina.

Achieving Operational Excellence in Management Vision and Control

To address these operational issues and to achieve operational excellence, NC DHHS will continue several performance management initiatives currently underway to the extent that human resources and funding are available.

The performance management database (PMD) has become widely accepted as the source for information on programs and services throughout the department and has helped provide the performance foundation mechanism for the department. NC DHHS is one of the leading departments in the state with an existing and widely accessible database of such information. Utilization of the system to date has resulted in a broader awareness of programs available to residents, the development of a common language around outcomes and performance expectations, and facilitated review of program performance.

In addition to proceeding with recent system design improvements to the PMD, NC DHHS is moving forward with plans to combine the contracts database and the subrecipient monitoring database with the PMD to develop the first fully integrated management tool around programs. This will allow managers at all levels of the department to fully understand the relationship between program mission and goals, how services are designed to support those programs, and the connection between contracts with subrecipients who deliver those services and how effectively they are being monitored for outcomes.

Additionally, the PMD is being used for peer review of programs which offers opportunities for greater collaboration between similar programmatic agencies within the department and broader oversight of program and service performance than ever before. It is also being used to support block grant reports and the expansion budget process. The recent OSBM decision to implement results based budgeting is another opportunity to further utilize the PMD as a management reporting and decision-making tool.

To address the looming workforce challenges, the department has created a small work group to address succession planning. One of the recommendations from the group was the creation of *LeadershipDHHS.* Now starting its second year, it is generating a lot of enthusiasm throughout the department and will shortly require expansion. While this is proving to be a successful way of identifying potential future leaders who are interested in a long term management career in human services, if the state personnel system does not allow for proper recognition, reward for performance, modernized job descriptions to fit today's needs, and adjust salaries to market rates, *LeadershipDHHS* will fall short of its goal to foster future management.

A third way NC DHHS is addressing its management vision is through greater use of process improvements. The department has experienced success with efforts to make process improvements,
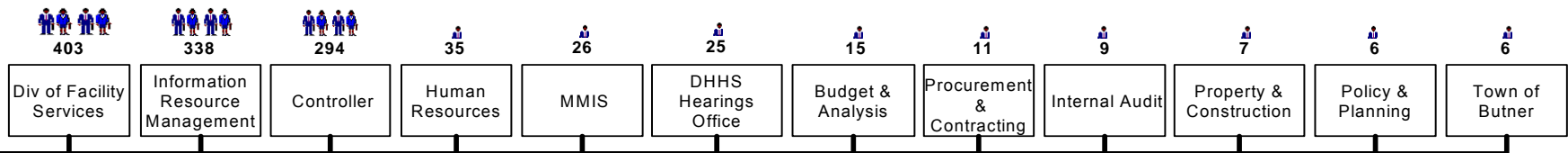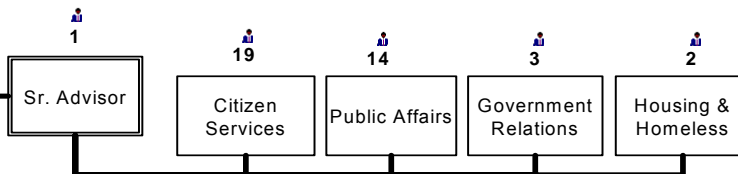
most notably the consolidation of the criminal record check (CRC) function into one central unit which resulted in the elimination of backlogs for CRC requests in the child care arena. This same kind of analysis is underway in other areas also. As acceptance of the value of process analysis grows, there will be many opportunities for automating manual processes. As these are identified, it is especially important to conduct process improvement studies prior to automation of the many manual processes throughout the department and to design these solutions in an enterprise manner so as to maximize cost and utilization.

NC DHHS is currently studying the way it manages its public records. Millions of paper documents consume thousands of square feet of storage space and yet frequently the "right" document cannot be found when needed. Electronic document management systems that provide scanning, archiving and search capability across the department are immediate requirements. Utilizing such capability will facilitate information sharing, provide additional workspace, secure vital records, eliminate a lot of paper handling and provide greater efficiency.

In addition to these specific efforts, current NC DHHS executive leadership has established a management culture that encourages cost containment, is supportive of setting performance expectations, strives to offer services that are evidence based and available in the community, places emphasis on keeping a consumer focus in program design and delivery, and has a growing awareness of the value of process improvements and better collaboration. Being successful at these things is predicated on management authority to maximize utilization of scarce resources (primarily human resources and information technology) to achieve mission and goals. This can only happen if other governmental oversight and systems support management, add value, and enhance responsiveness.

North Carolina Department of Health & Human Services

1,214

Deputy Secretary

1 — Sr. Advisor

19 — Citizen Services
14 — Public Affairs
3 — Government Relations
2 — Housing & Homeless

403 — Div of Facility Services
338 — Information Resource Management
294 — Controller
35 — Human Resources
26 — MMIS
25 — DHHS Hearings Office
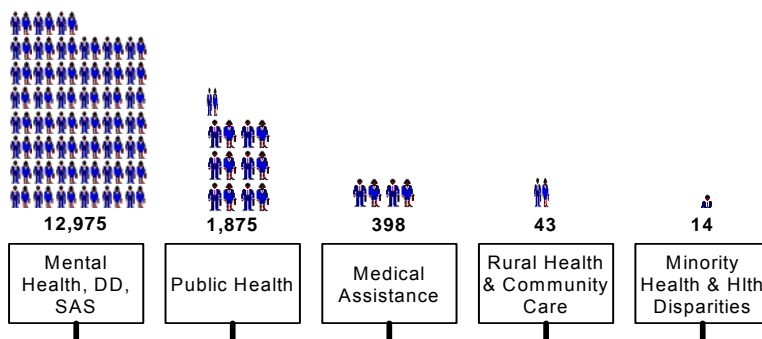**15** — Budget & Analysis
11 — Procurement & Contracting
9 — Internal Audit
7 — Property & Construction
6 — Policy & Planning
6 — Town of Butner

3,914

Asst Sec'y Long Term Care & Family Services

1,721 — Vocational Rehabilitation Services
763 — Social Services
696 — Education Services
315 — Child Development
272 — Services for the Blind
61 — Aging & Adult Services
55 — Services for Deaf & HH
16 — Economic Opportunity
12 — Developmnt. Disabilities
2 — Long Term Services & Support

15,305
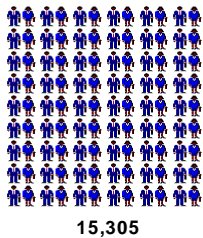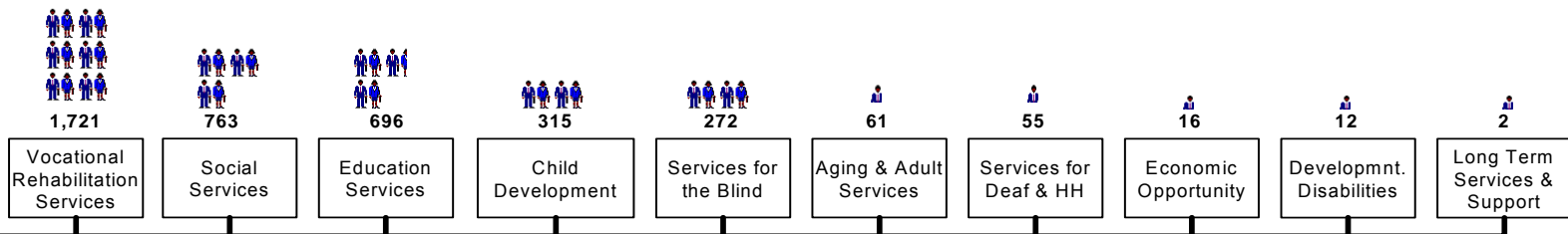
Asst Sec'y Health Policy & Medical Assistance

12,975 — Mental Health, DD, SAS
1,875 — Public Health
398 — Medical Assistance
43 — Rural Health & Community Care
14 — Minority Health & Hlth Disparities

5 — Office of General Counsel

1 — Special Adv. On Workfrce

Current as of October, 2006

Graphics are relative, but not to exact scale

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Information Technology

> **Information Technology refers to the management of all electronic information resources for the entire organization, whether managed centrally or under the control of individual divisions and offices. This includes hardware, software, networking, and telecommunications technology utilized to facilitate the sharing of information, automation of business processes, management and analysis of business data, and support of general work functions to support business operations and achieve the organization's objectives.**

The Current Environment

NC DHHS is one of the largest departments in NC state government with one of the largest IT budgets. The department has offices and facilities spread across the state. The number of programs and services administered through the department is in the hundreds, and at some point every person in the state is directly impacted by them. The work of the department is funded by many different sources, including numerous federal grants, state appropriations and private grants. Each of the different funding sources comes with its own set of compliance requirements, which makes collaborating around common initiatives difficult. The nature of health and human services work is complicated and diverse; consequently, identifying stable, repeatable processes is a challenge. Having many different funding streams supporting numerous diverse programs and services fosters silos in the organization. The silo effect is further exacerbated by the fact that historically the IT function was completely decentralized and the divisions of the department as it exists now have not always been in the same department. All of these things make for an extremely challenging environment for effectively managing information resources.

Nonetheless, the department has many strengths in the area of IT. Most notable is the elevated recognition that IT is critical to its business functions. The department also has a wealth of data in many systems that support its programs and services and strong automated federal reporting capabilities. Also, as a result of the department's depth of knowledge about the needs of people with disabilities, IT is very supportive of accessibility requirements. Finally, though there are many legacy systems, creative problem solving has extended the life of these systems beyond expected life cycles.

The Division of Information Resource Management (DIRM) has the primary responsibility of providing leadership in the use of information technology. While some divisions rely heavily on DIRM to provide IT support, others have traditionally operated independently. Multiple efforts are underway to enhance IT in the department; for example:

- There is a growing emphasis to align essential IT functions throughout NC DHHS. Significant details have been learned about departmental IT activities as a result of collecting information for this business plan. Continual advancements in the department's IT responsibilities over the next few years are expected.

- DIRM has relied heavily on contract staff to fill voids on new technology. They are currently in the process of replacing a significant portion of its consultant workforce with state positions. Initial training dollars have been identified to assist in continuing education for the current staff. This will require sufficient funding sources allocated on an annual basis for the training of employees in emerging and applied technologies. This approach will allow DIRM to provide the technology leadership needed to advance NC DHHS in the coming years.

- Senate Bill 991 has stepped up the State's efforts to better plan, budget, and manage IT resources. This process has been a work in progress. Measures are now in place to regulate project management practices and authorizations. Internal NC DHHS procedures have been developed and implemented to support the Senate Bill 991 requirements.

> *One example of inefficiency due to lack of automation is the license renewal process at DFS. Currently, the process is labor intensive and takes months to complete. A thick packet containing information printed from the Master Facilities File (MFF) is mailed across the state to thousands of facilities which are asked to verify that the information is correct. These forms are returned to DFS where a temporary employee hired for roughly three months enters changed or new data into the system. Final documents are then printed and licenses mailed out. This whole process could be tremendously simplified and cost reduced by enabling the licensure information to be updated via secure internet access – rather standardized procedures for thousands of web site applications everywhere. DFS has tried numerous times to automate this process. Earlier, funding was not made available and more recently, the MFF function was added to the NCLeads project, which is now pending a re-bid process that will cause further delay.*

While these improvements to the management of IT in the department are very positive, there will continue to be additional opportunities for DIRM to redefine its role and restructure its operations to better support departmental IT efforts.

Key Operational Issues

A total of 17 issues related to information technology were reported in the interviews and analysis. These can be seen in the Operational Issues Matrix in Appendix 3 and can be summed up into four areas: Opportunities to Enable Business, Need for an Enterprise Approach, Legacy Systems, and Accessibility.

Opportunities to Enable Business
Several of the issues identified reveal specific opportunities where IT that is standard in doing business can greatly enhance the business operations of the department. These issues are a need for better automation of manual processes, a need for ad hoc management analysis of data for decision support, and a need for electronic document management.

The most reported operational issue related to Information Technology, and the second most reported issue in all functional areas, is a need for more automation of manual processes. Throughout the department there are numerous business processes that are very manual and paper driven. These include getting signatures for official documents when approvers are in multiple physical locations, receiving and paying invoices, and collecting data from external entities. There is significant opportunity to improve these and other situations through the effective application of IT in conjunction with process re-engineering.

Related to better automation of manual processes is a strong desire for electronic document management. One reason is a need to free space that is currently occupied by rows of filing cabinets and stacks of boxes. Another reason is the need to access important documents quickly and easily, regardless of physical location. A third reason is the need to more easily determine what documentation the department has. Finally, electronic documents would allow not only concurrent approvals and conserve staff time spent driving documents around for signatures; it would also decrease overall processing time.

A final enabling business issue is a need to access data for decision support and management analysis. In spite of the wealth of data residing in many systems, frequently managers cannot easily access that data to do ad hoc analysis. Usually, if a manager wants to get answers to a question from data, s/he has to involve IT staff which greatly delays getting answers and prevents IT personnel from working on other tasks. Powerful tools exist that put managers in the driver's seat when trying to access and analyze their data, as is the case of the department's Client Services Data Warehouse (CSDW); however, its use could be expanded, particularly for management analysis. An opportunity exists for educating leadership about this tool and incorporating more data in it to support things like evidence based decision making and evaluation of outcomes.

Need for an Enterprise Approach to Information Technology
Throughout NC DHHS, there are existing and planned systems that provide much value to the programs and services they support. However, it is not uncommon for functionality, such as patient billing, case management, and various registries, to be duplicated in multiple systems. It is also not uncommon for programs to be left out of IT systems that could provide valuable functionality to their services. Smaller divisions see potential benefit from the functionality in applications being developed like NC FAST, but had difficulty getting their interests represented in such a system. For this reason, a process needs to be in place to ensure that when the department invests in new systems or enhancements, a holistic view of its applications to the department is considered.

There is also a need for a more unified and consistent approach to managing the basic technology infrastructure. Some agencies have current computers that are being managed and kept up to date; others have to make do with cast-offs from other state departments. Some office locations are supported by a help desk and technicians using standards for ticket tracking and issue resolution; others are not. Numerous reasons exist for this, including different funding streams and a history where the operation of the divisions was more separate. However, such an approach is expensive and very difficult to manage.

A frequently expressed need was for enhanced sharing of data, yet two barriers were identified: lack of a technical link between related data or systems and a reluctance to share data. For example, all counties do not use the same system to track Child Protective Services cases. When individuals move across county lines, social workers who encounter the family in the new county have no idea that there was a Child Protective Services case in the other county. In this example, the parties involved are willing to share the data, but the technical links to do so are not in place.

The reluctance to share data seems to primarily result from fear of violating HIPAA or other security regulations and confusion over data "ownership." While HIPAA and other security guidelines need to be taken seriously, fear of violating the guidelines sometimes causes unnecessary restrictions, such as the preventing the analysis of de-identified data. To address this barrier, clear guidelines need to be established in the department around data ownership, along with a process of arbitration when barriers are put up.

While most agree that an enterprise approach to managing and delivering IT services is ideal, smaller divisions were concerned that their specific needs would be lost in the discussion. Others felt that expanding systems to meet smaller needs would drive up the cost and lengthen the implementation of

such systems. Still others felt that guidelines coming from differing sources (e.g., departmental, state, federal) would potentially conflict and delay progress. It is clear that consistent, fair guidelines are needed to achieve an enterprise approach.

Legacy Systems
Outdated technology is mentioned so frequently that it plays like a tired, old song—one which is clearly not being heard even though the risks are great. The risks are that the systems will become increasingly expensive to support, eventually becoming unsupportable. The current issue with most legacy systems is that making enhancements is very difficult. Fortunately most of the large IT system projects currently underway will replace legacy systems.

Accessibility
Accessibility is important both to NC DHHS staff and to external business partners. It is common for employees to work in the field (such as conducting inspections) or actually be located in the field (such as vocational rehabilitation counselors that are located in the schools). In most instances, these employees are not able to access information resources back at the office nor do they have mobile tools, such as laptops, that would greatly improve their efficiency in remote locations and assignments. Instead, these workers must take notes and complete paper forms and then enter them electronically once back at the office. They are also not able to answer questions where they have to look up information. These workers need the tools to work effectively remotely and be able to access the information resources of the department. Also, employees who are not field workers would benefit from being able to access information resources when there is need to work from home.

Additionally, for those divisions with remotely located staff, it is difficult to have routine staff meetings that do not involve the extra expense and downtime of travel. Videoconferencing technology would not only allow face to face communication, but would also be available for remote training and communications with constituents.

Another accessibility issue reported related to external business partners (such as universities, non-profits and other state agencies) being able to access information. This type of access would be more than what is available to the general public through public web sites.

While IT enables effective distribution of department information to employees and enables employees to manage their own human resources information online, not all employees at NC DHHS have computers. This staff includes nurses in the hospitals, custodians, and maintenance personnel. To ensure that information management strategies do not leave out these employees, the department needs to make the resources available to them through kiosks or other means.

Finally, any application or web site developed in the department must be made accessible to people with disabilities of all kinds, both mental and physical. Many in the department are already aware of this need, however, it is very important that it continues to stay in the forefront and not become an afterthought in the development process.

Achieving Operational Excellence in Information Technology

To achieve operational excellence in information technology the department should take steps to address the opportunities related to enabling the business, taking a holistic approach to information technology management, and accessibility to information resources. Critical to achieving success in these is establishing department wide IT governance.

The first step in establishing IT governance is creating an IT governance board staffed primarily with business leaders from the department, not tech savvy IT leaders. If IT is going to most effectively support the program and service delivery needs and operational needs of NC DHHS it must be driven by business needs. The tech savvy leaders are not the most informed about those business drivers. At some point, every IT decision is ultimately a business decision not a technological decision. Furthermore, since there are very few business decisions now that do not also impact, or are potentially impacted by IT, the board must be supported by business savvy technology professionals. Note that as of the writing of this plan, an initial directive to establish an IT governance board has been created.

The primary purpose of an IT governance board is to ensure that business needs drive technology decisions and that a holistic, organization-wide approach is taken for IT initiatives. This should include making sure that all divisions that can benefit from an initiative are included in the initiative, preventing and reducing redundancy and overlap, and encouraging synergies through collaboration. To be successful, the IT governance board must be vested with decision making authority established through a secretarial directive. The board must also represent the interests of the department, not any single division. Obviously there will be times when the interests of different division conflict, or when one division may feel underrepresented in an initiative. To address these conflicts, an arbitration process should be established with an unambiguous dispute resolution process.

As a governing body vested with authority, the IT governance board will be able to break down barriers to the most effective use of technology, such as fears of blending funding streams when it is allowed and sharing data. It should also prioritize spending to focus IT where it will have the greatest impact. The board must also ensure that the intended business benefits or outcomes of IT investments are achieved. The board is also a place where the visibility of potential IT impact on the department can be raised to ensure that IT is included in the planning process.

As the IT governance process is established, it will likely be necessary to form committees that support the IT governance board. For each committee established, there must be a short charter clearly defining what the committee is, why it exists, and to whom it is accountable. Furthermore, every effort must be made to ensure that the area of responsibility of each committee does not overlap. This is very important as overlapping areas of responsibility will slow down the decision making processes.

In addition to establishing an IT governance board as described, the directive for DIRM should be reviewed and strengthened. In order to implement a holistic approach to IT management in the department and realize optimization in efforts to consolidated, centralized and standardized IT utilization, DIRM's new role must be clearly outlined in its directive.

As part of the whole IT governance process, business and IT planning and analysis must occur on an ongoing basis. Much was learned about the current business drivers in the department during the process for creating this business plan and the subsequent IT plan and IT architecture. Arguably the most valuable part of the process was the conversations that were had and connections that were made. While the resulting plans are valuable, what will be even more valuable is keeping the conversations going and continuing to establish important connections.

Even with the creation of a governance board, lack of funding could undermine both one-time and recurring needs. Each year the department struggles to locate enough money to cover basic IT operating costs, and during the last expansion budget requests, all but one of DIRM's expansion budget requests was denied. Beyond establishing business driven IT governance processes, strengthening DIRM's directive and establishing ongoing planning processes, the department must have the proper human resources and funding to ensure that IT is managed most effectively. Again, this is a need not entirely controlled by NC DHHS.

Workforce

Workforce is defined as all the people working or available to work in the Department of Health and Human Services. As it is used here, it does not refer to any particular human resource office or function; it refers to the staff in aggregate that performs the daily acts of government within the realm of NC DHHS.

Current Environment

NC DHHS benefits by having a diverse, experienced workforce of (approximately 19,000 employees) who have strong program and technical expertise and a commitment to serve the public. Skills and education levels range from those at entry level positions with less than high school degrees to professionals with degrees in business, engineering, health, and social sciences, to nationally recognized experts with advanced degrees including PhDs, physicians, psychologists, psychiatrists and attorneys. Of the roughly 3,500 job classifications in the state, NC DHHS employees occupy more than 2,000, demonstrating the scope and diversity of the workforce. NC DHHS employs just over 20% of all government employees in North Carolina.

Over half of these employees are involved in direct service delivery to the public, usually in specialized settings such as a psychiatric hospital or vocational rehabilitation center. While programmatic and service expertise are primary skill sets, an increasing number of NC DHHS employees spend much or most of their time managing partnerships with private companies, nonprofits, and federal or local governments. In these settings, business expertise in areas such as finance, accounting, contracting and negotiating are the primary skill sets.

Supplementing this workforce are about 2,000 contractors, temporary employees, students and interns. The Division of Information Resource Management (DIRM), which has traditionally relied on a large contract workforce composing up to 40% of its population, is actively recruiting full time employees to replace many contractors in areas where it is essential to retain a knowledge base within the NC DHHS workforce. Progress has been slow, in part because contractors with specialized IT skill sets have been able to command higher salaries than those paid to state employees.

An example of the difficulty of operating within the current HR system occurred when a position at a division remained vacant for nearly a year for a variety of reasons. When the right candidate was found for the position, it took months to complete the hiring process, even though the candidate was an already existing state employee. This particular instance required significant time from the hiring manager, divisional as well as departmental HR staff, the division director and deputy director and the Secretary. This does not include other staff within the division who had to share the work load during this cumbersome and protracted process. The morale and motivation of the affected employee and others were unnecessarily stressed during the process as well.

Overall, NC DHHS turnover averages about 15% annually, which translates into a need for hiring 3,000 people each year. Of the more than 300 open positions listed for NC DHHS as of the end of July 2006, more than 1/3 were for critical nursing or nurse aide and related positions in the divisions of Facility

Services, Mental Health, Medical Assistance, and Public Health. Many more positions remain unfilled for clinical social workers, occupational and physical therapists, physicians, psychologists and other health care specialists, and information systems personnel.

Part of the turnover in NC DHHS is due to retirements. By the end of 2006, nearly 20% of the workforce will be retirement eligible, including a high percentage of senior managers. When added to other attrition, shortages in needed skill sets such as nursing, and a highly competitive job market in general, the result often is a very thin skills base in key areas that stresses the workforce and inevitably impacts performance.

The chart on page 31 illustrates another aspect of attrition. Fully 30% of NC DHHS employees have from one to five years of service. After five years, however, the percentages drop rapidly, indicating that the department cannot sustain new employment for a large percentage of its workforce. This attrition at the front end combines with retirements at the back end to squeeze the resources in the middle which too often lack the numbers and the expertise to perform effectively.

For example, in almost every division contract administration has suffered by turnover of experienced administrators who are primarily responsible for writing the Statement of Work (SOW) that is the key portion of contracts. The SOW includes programmatic requirements, funding sources, performance measures, and payment and compliance criteria. Administrator mistakes, omissions, and rewrites extend an already burdensome approval process, increasing costs and often resulting in missed deadlines. Many contracts end up with inadequate performance criteria or program/service specifications because there are not enough qualified resources to review and revise all of the documentation. [1]

NC DHHS managers almost universally complain that they cannot offer attractive wages to hire qualified candidates, especially in nursing, engineering, and information systems. The Division of Social Services and Division of Mental Health/Developmental Disabilities/Substance Abuse Services have found that wages at the county level often exceed those paid by the state so that recruiting experienced personnel from county offices is difficult; and, in the case of executive personnel, nearly impossible.

Like other state departments, NC DHHS wages have fallen behind market averages. In the period 2000-2005, state wages increased at less than ½ the rate of inflation. Even a generous 5.5% increase in 2006 will do little to close the gap against inflation, projected to be over 4% this year. With inflation projected to be higher in coming years and with continued pressure on the state budget, the prospects of achieving market equity soon are not good. As discussed in Management Vision and Control, the department has initiated LeadershipDHHS, a program that seeks to identify and develop future leaders in NC DHHS. While this program is not a solution for the lack of succession planning in the divisions, it has been well received and is a positive step to address some of the turnover and recruitment issues that otherwise seem intractable.

Key Operational Issues

During the development of this business plan, top managers of divisions and offices throughout NC DHHS were interviewed. By far, the most frequent and consistent comments centered around human resource issues and the difficulty encountered by managers attempting to navigate the state's personnel policies and regulations. Managers were nearly universal in their opinions that if one thing could be fixed in state

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[1] Those who have studied the contract process in NC DHHS comment that sometimes the process involves *too much* review by individuals or functions who do not add value to improving the end product. Whether multiple reviews add value, and whether they are a product of poorly written contracts or are a manifestation of the bureaucracy at work, or both, is a subject of debate.

Government, their choice would be the "personnel system." By this, they mean a broad range of personnel issues including classification and pay for performance, recruitment and personnel selection, disciplinary appeals and grievances, contracting, organizational responsibilities, and training. Personnel reform in the public arena is not easy. It is a lengthy, complicated process requiring political consensus of diverse constituencies and usually has mixed results. Still, several states have dealt with the issues and claim progress in many areas. These states include:

Arizona	Georgia	Massachusetts	New York	Texas
California	Illinois	Minnesota	Ohio	Washington
Colorado	Louisiana	Nebraska	Pennsylvania	Wisconsin
Florida	Maryland	New Mexico	So. Carolina	Virginia

In North Carolina, the few efforts to change the system seem to have occurred in isolation with little or no public debate and have not had a significant impact in changing the work environment for state employees.

One division referred to legislation ratified in 1997 that required personnel policy changes to ensure that only those applicants who clearly exceed job requirements are hired. The subsequent NC DHHS Merit-Based Employment Plan defines "highly qualified employee" and directs that "only applicants designated as highly qualified shall be interviewed" for open positions. In actuality, the policy appears to be ineffective in some divisions. While recognizing that an experienced workforce is essential, a senior executive lamented that "The state's primary criteria for filling a job seems to be longevity rather than skills and abilities—in contradiction to the General Assembly's intent in producing the Merit Based Employment policy."

When asked for examples, managers relate experiences where they have spent weeks or even months justifying new hires, transfers, classification changes, or pay adjustments to obviously qualified employees. Managers spoke of instances where HR denied requested pay grades because the state's job specifications either did not recognize or did not assign significant value to operational skills such as business, finance, and contracting. "Too many of our job specifications are clinical," complained one manager, "and do not adequately reflect operational expertise needed in today's world."

Some divisions have had success in negotiating the complicated, bureaucratic HR process, while other divisions have simply given up their attempts to advocate for needed changes. NC DHHS Human Resources does an admirable job in "managing by exception" to respond to management requests and negotiate the personnel bureaucracy to achieve results. The problem is that these are work-around efforts and do not have any systemic impact. Rules, regulations, legislation, culture, and lack of autonomy all conspire to inhibit the department's efforts to move faster and respond to the competitive labor environment.

To address non-competitive pay issues, in 2005 DFS was able to obtain a one time special increase for many employees in nursing classifications. Other techniques used to obtain increased pay for high performing employees include creating vertical reporting structures that create unnecessary supervisory positions, documenting increased scope of work to obtain in-range increases, and petitioning OSP for job reclassifications. All of these activities are time consuming, are often artificial, and ultimately do not solve most of the issues surrounding employee compensation. In fact, other problems may arise such as perceived inequity in the workforce among employees who do not benefit from special increases, poor communications across or up and down the vertical reporting structures, and inaccurate descriptions of job duties or requirements.

Proponents of personnel policy reform are at odds with an embedded culture that encourages homogeneity in pay and performance. Because many managers try to work around a system that is not meeting their needs, HR all too often is required to be the enforcer rather than the enabling business partner.[2]

Other change initiatives have proved to be difficult. In the past several years there has been a major effort to introduce a new career banded job classification system in NC. Briefly, career banding (also referred to as "broadbanding") is a way of changing from traditional, narrowly defined job classifications to a system of broad occupational career paths. Career banding is not an end objective; rather, it is a means to an end, that being to provide more flexibility in pay progression, competitive recruitment of quality candidates, and advancement within the bands based on performance or achievement of established competencies.

As part of the implementation effort, career banding was piloted in the state's information technology sections. In explaining the system in the context of retention and recruitment, the Office of Information Technology Services (ITS) writes "… broadbanding is increasingly popular in the private sector. In addition to being used to bring salaries in line with performance it is a motivator towards creating more of a team environment, breaking down barriers, and instituting cultural change." [3]

Despite these positive statements, career banding in this state has been suspended, largely due to opposition from constituencies that either do not agree with the goals or do not believe that the issues have been articulated properly in public debate. While the benefit of career banding to state employees may be debated, NC DHHS managers mutually agree that the present system of classifying and rewarding employees must be reformed if the department is to move forward.

Despite the setbacks, at least one change initiative is proceeding. As stated in the NC DHHS Human Resource profile included in Part II of this business plan:

> NC DHHS management and HR must participate more fully as partners in strategic planning for program operations. Improved technology through implementation of a robust Human Resource Information System (HRIS) is a key to helping HR become consultative and less transactional by redirecting resources to organizational planning and workforce development. Moving to a consultative HR is enabled by HRIS providing a mechanism for management to access HR information, including more involvement in workforce planning. In addition, substantial numbers of NC DHHS employees have internet or intranet access, permitting more educational offerings to be developed by HR as web-based classes.

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[2] The following quote is from a white paper published by the Pioneer Institute for Public Policy Research: "Unfortunately, civil service rule rigidity and enforcement have become something of a self-fulfilling, self-reinforcing proposition. As civil service systems have become more rigid, the inclination on the part of agencies to sidestep the rules has increased and the inclination of central personnel departments to crack down on rogue agencies has increased proportionally. Growing numbers of jurisdictions—including states and localities—have been able to break this cycle, however. In such places, there has been a gradual but significant shift in the role—and even more important—the attitude of the central personnel office. In at least two dozen states, personnel executives are working hard to reengineer their relationship with their agencies. Some of the leaders in this effort include Florida, Nebraska, Michigan, Connecticut, Wisconsin, Kansas, Washington, and New York. In these states, personnel executives have begun to view themselves as consultants who work for their "customer" agencies." (Walters, Jonathan, Pioneer Institute for Public Policy Research - White Paper No. 13, September, 2000)

[3] North Carolina Office of Information Technology Services, IT Professional Retention and Recruitment, 2006

It remains to be seen, however, whether a technology enhancement will truly enable change where the system has traditionally rewarded regulation, rigidity, homogeneity, and compliance. The bottom line is that the tools given to managers today are not adequate to deal with the host of workforce issues facing the department. NC DHHS Human Resources recognizes this, but is not empowered to act independently of the rules and regulations established at state-level.

## Achieving Operational Excellence in Workforce

In the absence of comprehensive policy reform at the state level, there are certain tools in NC DHHS that can be used to measure improvement in workforce status and performance. In addition to those presented in the Human Resources profile in Section Three of this document, operational managers must assume responsibility as managers of the department's "human resources." For example, even though NC DHHS does not have a formal succession planning process, this does not prevent individual divisions and offices from participating in the LeadershipDHHS program and establishing their own succession plans for managerial and supervisory positions. To establish these succession plans, managers must have the flexibility and authority to identify and develop the best and brightest candidates and designate them as high potential employees.

Directly tied to these requirements are management tools and best practices that will help to support workforce development. Perhaps the most important of these is already underway and will be implemented in 2008 – a new human resource information system (HRIS) developed as part of the BEACON project (Building Enterprise Access for NC's Core Operations Needs). BEACON will replace the old Personnel Management Information System (PMIS), a DOS based system that is 25 years old.

HR must ensure that all divisions and offices annually update job descriptions and work plans to reflect the actual competencies, skills, and abilities required for each position. Managers must identify and fund individual training requirements, both technical and developmental, that correlate with needs as identified in work plans, performance reviews, and departmental expectations. When it becomes necessary to fill a job, the hiring process must be simplified so that candidates can be identified and hired within weeks, not months. While these workforce issues are basic and perhaps taken for granted, NC DHHS has not consistently implemented them across the organization.
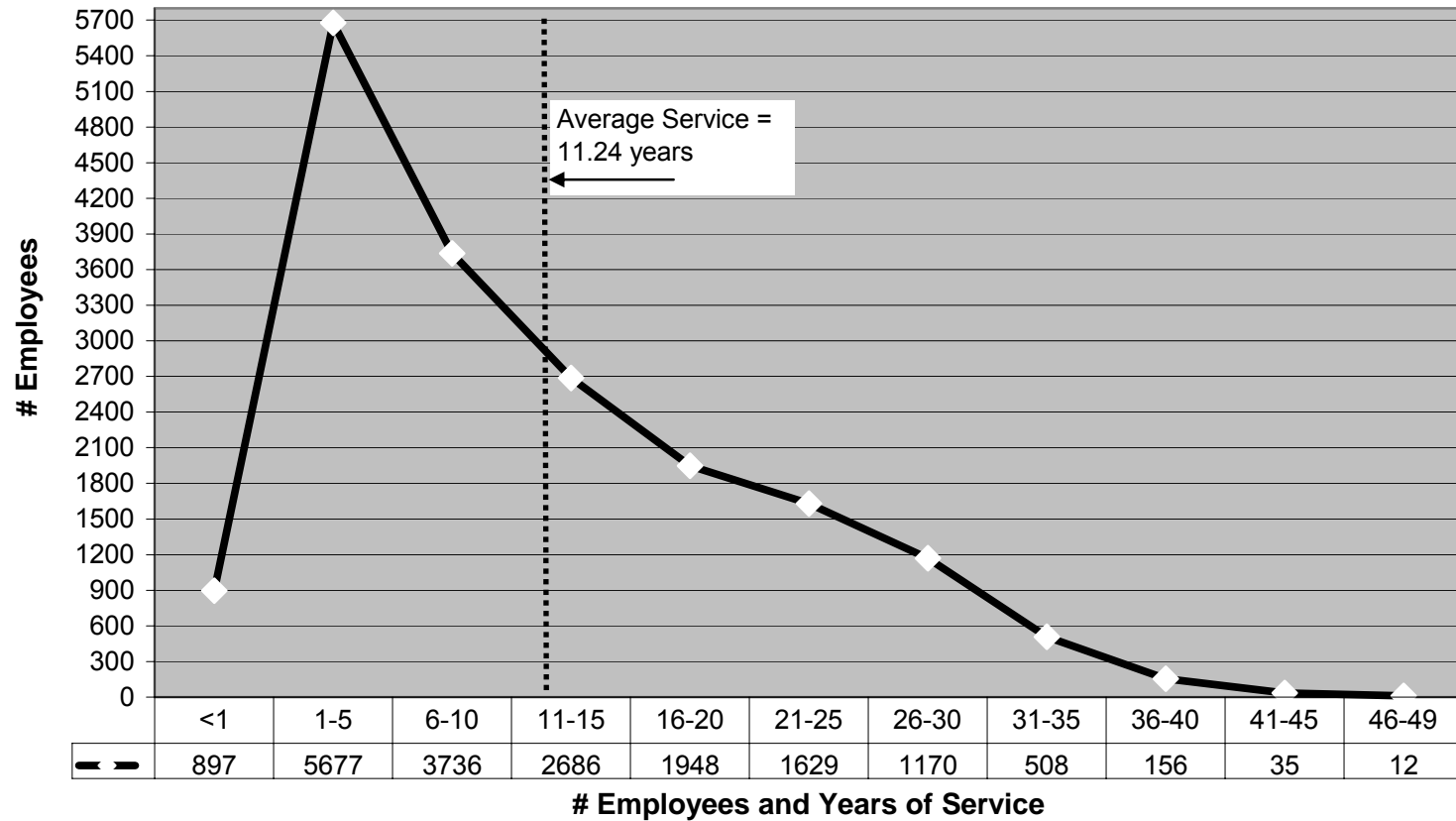
Even though much of the HR agenda is externally controlled through the State Personnel Act (such as career banding and classification, pay for performance, etc.), NC DHHS management will continue to advocate for progressive changes that will aid—not hinder—management in recruiting, retaining, and rewarding good performers

Employee Age Distribution (Projected 12/31/06)

Avg = 45.7
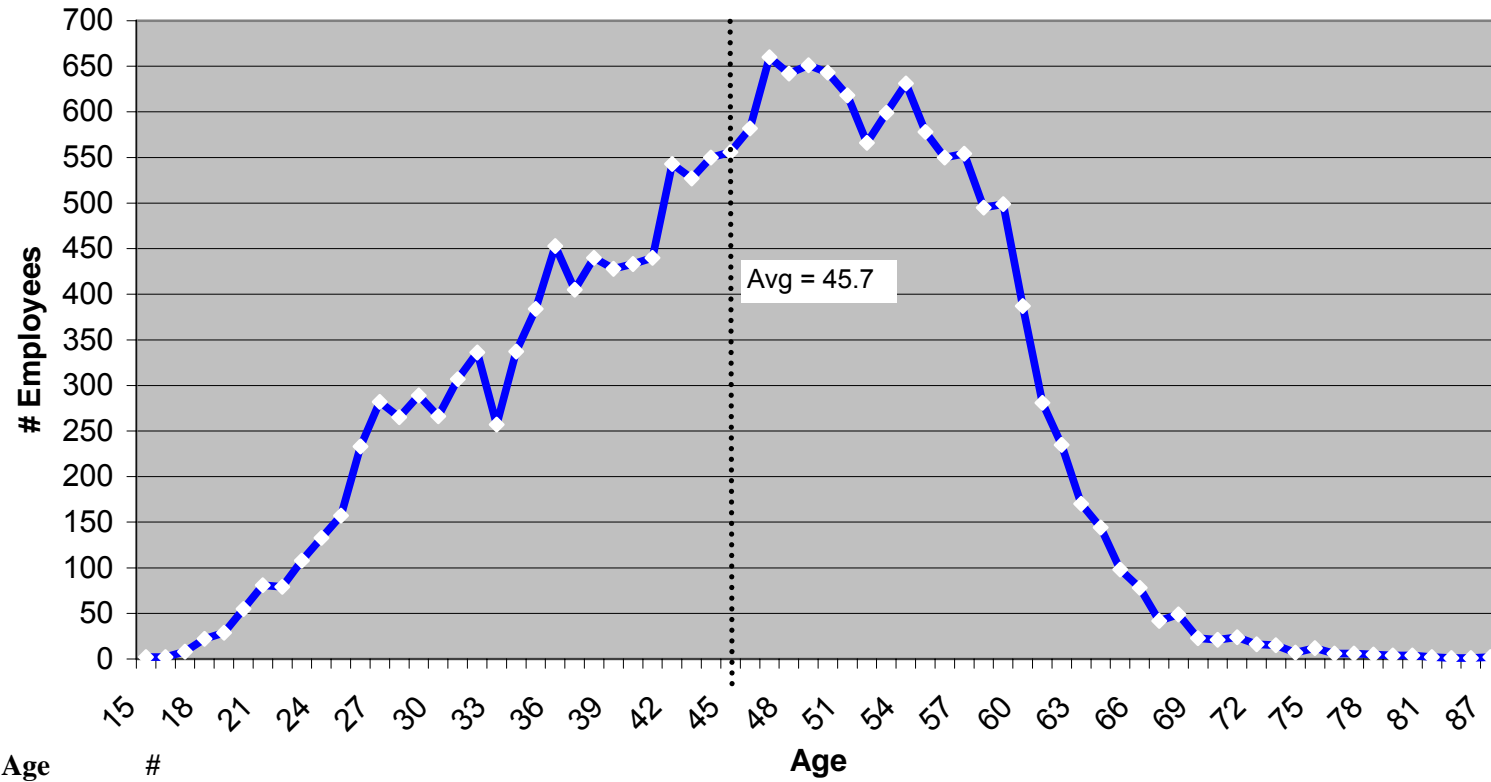
Age	#																
15	2	23	108	31	307	39	428	47	660	55	578	63	170	71	24	79	4
16	2	24	133	32	336	40	433	48	642	56	550	64	144	72	16	80	4
17	8	25	157	33	257	41	440	49	651	57	554	65	98	73	15	81	2
18	22	26	233	34	337	42	543	50	643	58	495	66	78	74	7	82	1
19	29	27	282	35	384	43	527	51	618	59	499	67	42	75	12	85	1
20	55	28	265	36	453	44	550	52	566	60	387	68	49	76	6	87	2
21	81	29	289	37	405	45	556	53	599	61	281	69	23	77	6		
22	79	30	266	38	440	46	582	54	631	62	235	70	21	78	5		

DHHS Employees By Years of Service

	<1	1-5	6-10	11-15	16-20	21-25	26-30	31-35	36-40	41-45	46-49
	897	5677	3736	2686	1948	1629	1170	508	156	35	12

 # Employees and Years of Service

Average Service = 11.24 years

 # Employees

DHHS Retirement Eligibles

Retirement projections are that 18% of the workforce will be retirement eligible by year-end 2006 and an additional 38% can retire by year-end 2016 (individuals in column one are not included in column two). These projections are based on the current workforce profile and do not factor in demographic changes that might occur.

The "Retirement Eligible" population was estimated based on projections for 12/31/06 and 12/31/16. "Retirement Eligible" is defined as any employee who will achieve the following by those dates: (1) 30 years of service regardless of age (2) Age 50 with at least 20 years of service (3) Age 60 with at least 5 years of service (4) Age 65 with at least 5 years of service.

Program and Service Delivery

> **In a private sector business plan, this functional area would be called "Product" and would address such issues as: is there still a need for the product, is demand for the product increasing or decreasing, are customers of the product satisfied, have our customer needs changed, and who else is manufacturing the same or similar product. Many believe that government does not have a product, but in fact it does—government's product is the service it delivers to the public. In <u>The Change Agent's Guide to Radical Improvement</u>, Ken Miller defines a product as "something created by work which can be given to someone else to achieve a desired outcome." This is the definition used in this business plan.**

Current Environment

Programmatic expertise within NC DHHS is very strong; and, supported by federal and state requirements and funding, the department provides a wide-array of services to North Carolina residents. However, all services are under stress since demand continues to outpace resources. As part of this business planning process, NC DHHS agencies provided information about the impact of demographic factors on their operations. It is important to note that in the top ten issues mentioned in the programmatic divisions of NC DHHS, workforce, information technology, and program and service delivery were the top three. In fact, they were mentioned eight of ten times. This indicates the strong need for operational support improvements around HR and IT to improve and support long term stability of program performance and delivery.

Not surprisingly, in the operational units, program and service delivery is not mentioned. However, mentioned five out of ten were workforce and IT—again showing the strong link between HR and IT to provide the operational strength of the department necessary to efficient program and service delivery. (See Appendix 4 for a summary of all demographic influences identified during this business planning process.)

As expected, programs are feeling the impact of North Carolina's population growth, an increase in the number of elderly residents, a surge in the immigrant population, increasing demands for multi-lingual and multi-cultural state and local staff, economic fluctuations, health care cost increases and other factors. To meet these demands, program and service delivery must change for two different reasons—one is external and based on demographic trends and external factors and the second is due to changes in policy around service design and delivery.

As demand grows, staff serving the recipient populations need to be flexible enough to change as well; yet NC DHHS is experiencing shortages of certain specialties (nurses, psychiatrists, dentists, architects, for example) and often is trying to place people with new skills into positions with out-of-date job classifications and compensation. Some of these skill shortages are national in nature and reflect an imbalance between supply and demand; others are shortages created by the unwillingness of these highly trained and skilled professionals to work for the state at below market rate salaries. Additionally, North Carolina's more diverse population places language and cultural competency requirements on the way we communicate and deliver services. This combination of internal handicaps paired with the external limitations and demographic changes is stressing the department's service delivery system.

Over the last several years there has been a national emphasis on programmatic outcome expectations, consumer choice, seamlessness of service delivery, providing services in the community rather than in institutional settings, designing services around evidence based practices, cost containment and a growing awareness of the need to move from treatment of chronic problems to prevention. All of these are excellent improvements to program and service delivery because they strengthen the benefit of the service and lead to greater efficiencies in the use of resources; but to respond to these new expectations, the department must be nimble enough to change in a timely manner. Yet program and service redesign is impeded in an organization using legacy systems from the 1970s, an antiquated HR system and restricted funding streams.

Key Operational Issues

Throughout the years North Carolina has developed a wide network of community partners with and through whom services are delivered to the people. The DSS and DPH state supervised, county administered systems have fostered the development of strong networks within the one hundred counties which facilitate resident access to services. The Community Care of North Carolina (CCNC) program has built a strong network by partnering with local clinics and hospitals to further reach out to those with a need for primary health care who reside in underserved areas. Creation of the Local Management Entities to push mental health, substance abuse and developmental disability services away from institutional settings and into the community further expands the state-wide network supporting service delivery. And, of course, there are numerous regional staff which allows the state to have a presence, in some cases deliver services, and conduct outreach and supervision. Such a large network of providers does, however, require communications, tracking and monitoring systems to fully maintain control and supervision.

Additionally, while this network meets many program and service outreach and delivery goals, it is hindered by NC DHHS' inability to share client data and to conduct cross program case management. An example of how the department is working to overcome this obstacle is NCFAST. NCFAST will facilitate better eligibility determination and case management, but this system has been evolving over a lengthy period of time and faces regular funding scrutiny with every change of administration and legislature. Such delays undermine county confidence that NCFAST will ever see the light of day, it slows their adoption of the system, and it undermines the credibility of the department with its major service providers.

Technology is changing fast in the healthcare field. Tele-medicine allows doctors to remotely interact with patients. E-health records allow for faster and more accurate recording, transmitting and sharing of individual patient records. While these new technologies offer amazing efficiency, improved service, and allow for

Making improvements in program and service delivery is often a protracted and frustrating effort because of difficulties reaching consensus among the various stakeholders at the federal, state and local level. Past efforts, such as NC-CAN and INSYNC, to develop a shared database to support child welfare and economic benefit programs were hampered by differences over use of funding streams, data "ownership" and access, the scope of a technology solution and vendor selection. Most agree that such a system will provide more accurate benefits, support more consistent eligibility determination and reduce errors, allow the sharing of data about who is receiving services and save considerable time by reducing paperwork and duplicate data entry. Additionally, the Child Fatality Task Force through the intensive fatality reviews has found that approximately five deaths a year could be prevented if there is better data sharing among county case workers. In 1999, NC FAST was started to accomplish many of the same goals. A lot of good work has been done over the ensuing years, and there is growing support at the county level for such a system. Although currently slowed by contracting delays, there are high aspirations that NC FAST will realize significant process savings and greatly improve service delivery.

extending care, the state is building the new Butner hospital without the appropriate information infrastructure. Without additional funding support, a state of the art building will operate without the appropriate clinical systems.

As mentioned previously, NC DHHS has built a program management database (PMD) which stores program and service information in a web based, central location easily accessed by management at all levels. The PMD contains such information as funding, program and service description and goals, outcomes and output measures. Last year the department started a program review based on the information in the PMD. Continued utilization and enhancements to the PMD for such collaborative discussions will further improve programs and services delivered to the public.

Achieving Operational Excellence in Program and Service Delivery

It is in the delivery of services that NC DHHS most intimately interacts with North Carolina residents and conducts the work it is mandated to do in providing for the people and securing both their safety and wellbeing as well as the economic stability of the state. As mentioned in the above sections, NC DHHS is making improvements in many areas, but there is much that needs to be done to achieve operational excellence in program and service delivery.

One way to achieve excellence is to keep the focus on customer service when evaluating and designing programs and services to meet specific needs of the population. DMH/DD/SAS is already in the process of moving services from institutional to community settings, making services more accessible and seamless through our local network of partners, and offering a wider array of services to meet varying consumer needs. Routine use of a nearly completed web-based customer service survey tool will provide an additional avenue for getting feedback from consumers and using that information to improve service design and delivery.   As mentioned in the section on Communications, NC DHHS is in the process of redesigning its website so that the public can get quicker and easier access to program and service information. Additionally, the telephone based information and referral service, Care Line, and the relatively new CareLink, the web based I&R service, have recently expanded to provide greater customer service.

Graphic information system (GIS) enabled data allows for better management of emergency situations and program and service distribution and allocation; and many NC DHHS agencies, from DPH to Property and Construction and DFS, expressed a desire to make greater utilization of this technology. The Division of Services for the Blind specifically mentioned the need to develop closer interaction with manufacturers of assistive technology because advances in that field offer improved independence for their constituents.

The PMD program review process referred to earlier is breaking down information silos, identifying areas for improvement and creating opportunities for greater collaboration—all extremely important since more than one agency may serve the same intended beneficiary.   Additionally, the usefulness of the PMD will increase as the system is expanded to include the contracts database and the subrecipient monitoring database and as we partner with OSBM in their results based budgeting initiative, provide PMD information for the grant reports and use it to populate their CRIS system.

Since many divisions serve similar populations, and since the availability of data is critical to establishing performance measures, it has become increasingly clear that more client specific data needs to be shared. Granted, confidential information must be protected, but opportunities exist to provide better service and make better utilization of resources when information can be shared and analyzed for multiple uses. One

opportunity to do this is to expand on the already existing Customer Service Data Warehouse (CSDW) and to create greater flexibility in how that data is used.
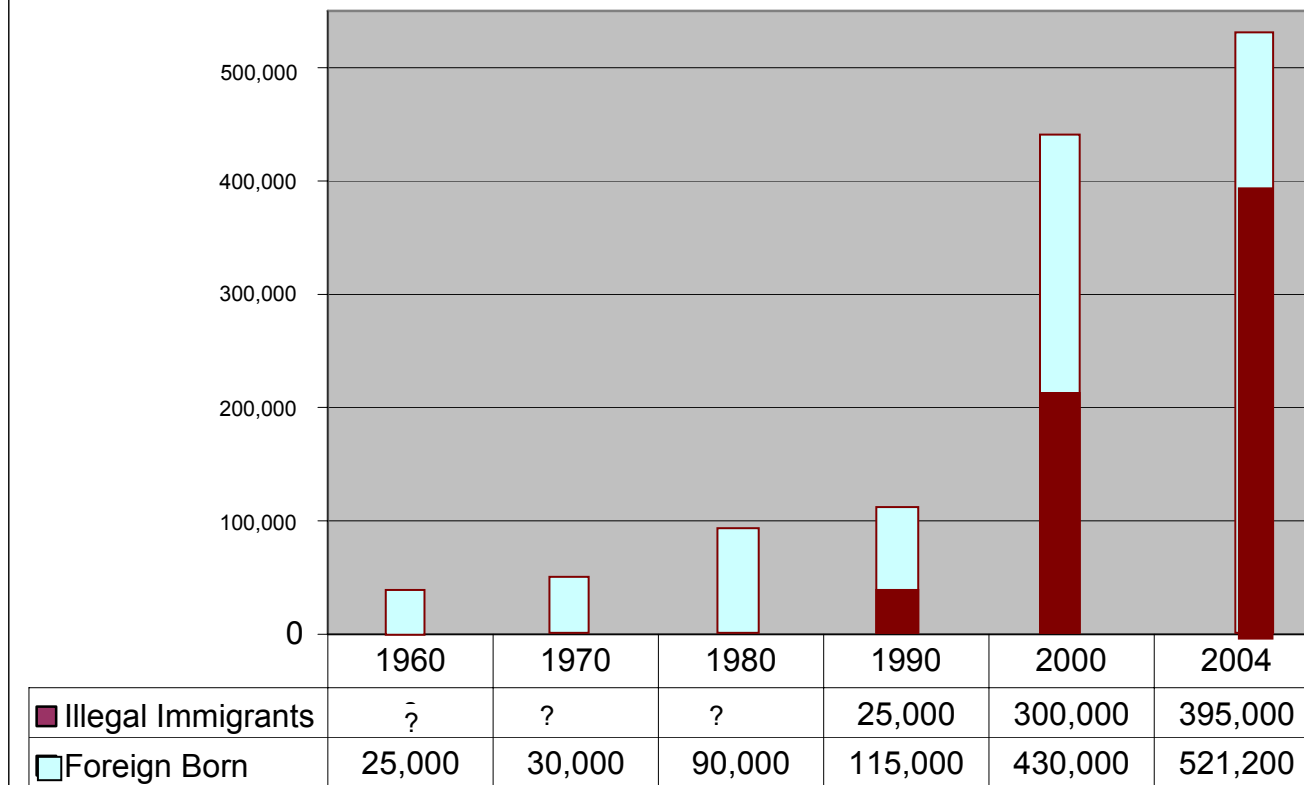
Additionally, several agencies mentioned the need for more extensive outreach to residents in need of service. Others are struggling to meet growth in demand for services without reciprocal growth in resources and are trying to develop better cost containment strategies without impacting level of needed assistance. DPH believes that program design and outreach would benefit from better race information. Apparently this is not collected as extensively as desired, mostly because in-take staff are often reluctant to ask such questions of the public needing assistance.

In sum, programmatic expertise and commitment is strong, and creative and technical solutions are being utilized, but opportunities exist for improvements. DIRM has played a significant role in the development of the PMD, design and maintenance of the CSDW and development of the customer service survey tool mentioned above. But their limited staff resources and the department's IT funding limitations make these improvements protracted and frustrating. The department will continue with these and other improvements to the extent that human and financial resources are available.

Summary of Demographic Influences Impacting NC DHHS Programs
(From Responses to Business Plan Questionnaires)

	SUMMARY		
Group	Trend	# Response	Rank
A	Aging Population	14	1
C	Immigration issues, especially Hispanics who don't speak English	13	2
B	Growth of eligible populations (Aged, Children, Disabled, Poor, etc)	10	3
F	Budget shortfalls / issues	10	3
L	Unemployment / layoffs / plant closings	7	5
E	Cost of care / services increasing	6	6
D	Individuals / families in poverty or minimum wage	5	7
Q	Decrease in providers / unavailability of providers or services	5	7
U	Decrease in rural industries / movement from rural to urban	4	9
G	Natural disasters	3	10
H	Technology advances, including medical technologies	3	10
K	Increase / transition to community services	3	10
M	Multiple disabilities / conditions	3	10
P	Aging Workforce	3	10
S	Aging Facilities / Equipment	3	10
T	Recruitment issues / shortages of nurses and other professions	3	10
I	Rise / Fall in Economy	2	17
R	Federal teaching requirements	2	17
V	Job market skills changing	2	17
W	Growth in uninsured	2	17
X	Increasing HS drop out rates	2	17
J	Increase in single parent families	1	22
N	Unfunded mandates	1	22
O	Obesity and associated health risks	1	22

Foreign Born Population Growth in NC

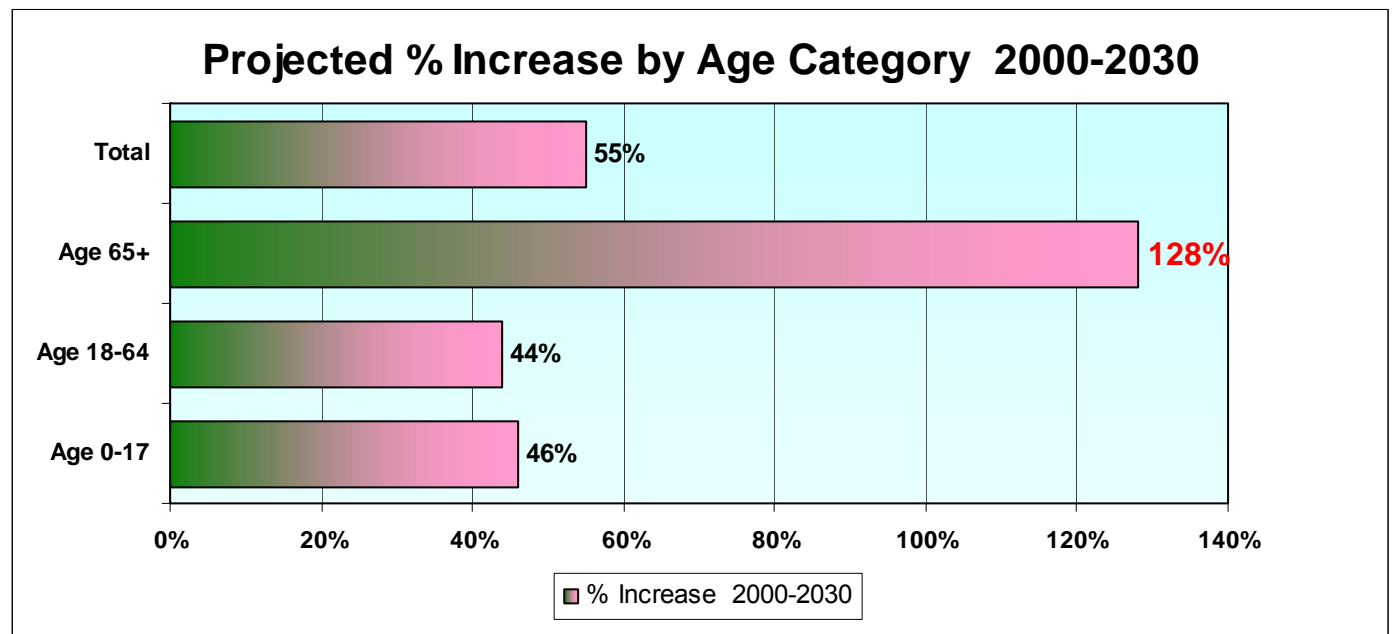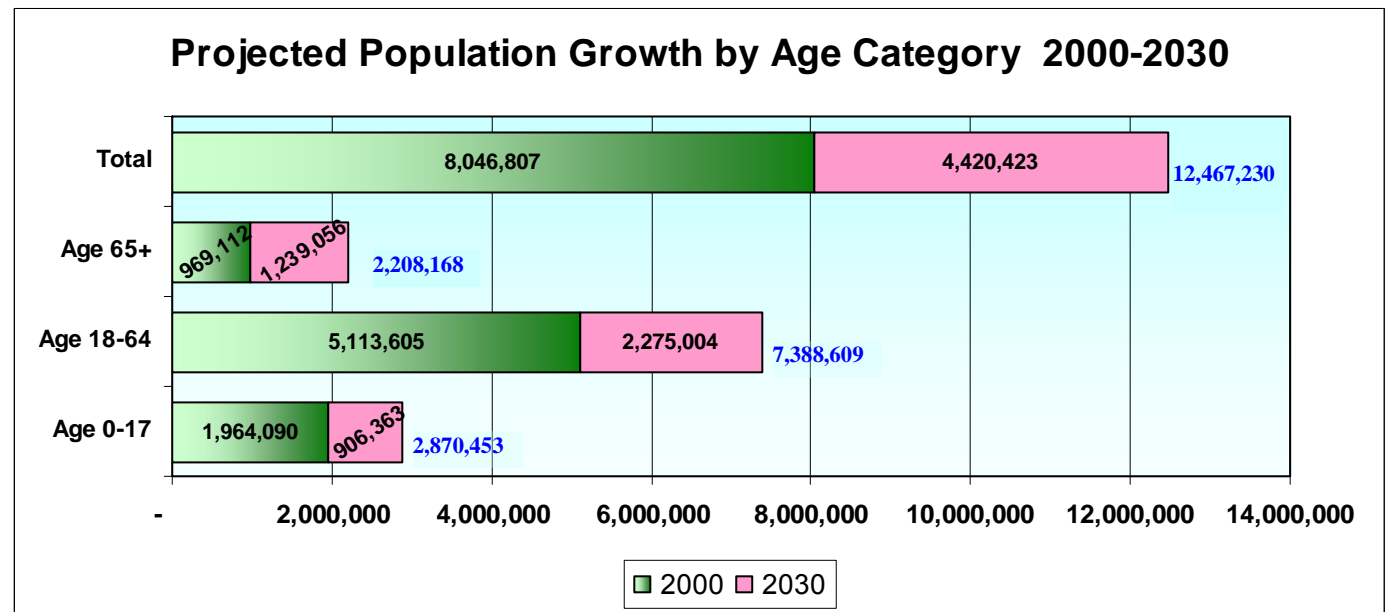|	1960	1970	1980	1990	2000	2004
■ Illegal Immigrants	?	?	?	25,000	300,000	395,000
□ Foreign Born	25,000	30,000	90,000	115,000	430,000	521,200

In 2000, the unauthorized immigrant population in North Carolina was approximately 206,000. "Estimates of the Unauthorized Immigrant Population Residing in the United States: 1990-2000," Office of Policy Planning, U.S. Immigration and Naturalization Service, January 2003. Other figures provided by the Pew Hispanic Center.

At right are age category projections in North Carolina for the years 2000 through 2030. The first chart depicts growth in number. As one would expect, most individuals fall into the age 18-64 category. The top and bottom categories are about the same, creating a typical bell curve.
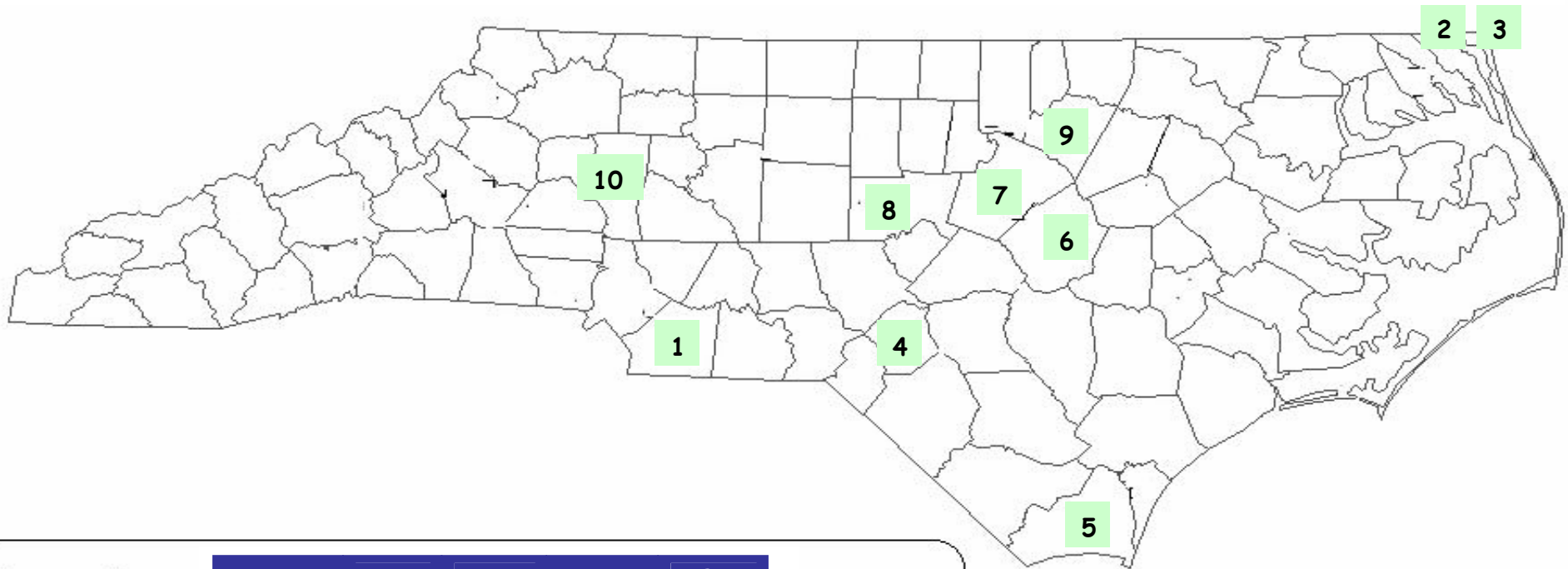
The second chart uses the same data but presents it as the projected percentage increase in each age category. In this view, the percentage growth for 65+ is overwhelmingly greater than that of the other two age categories.

Rapid growth in the aged population correlates to rapid increases in services for the Blind, Deaf and Hard of Hearing as well as residential care facilities and social services targeting the elderly.

Source: DHHS Division of Aging / NC Data Center

Projected Population Growth by Age Category 2000-2030

Age Category	2000	2030	Total
Total	8,046,807	4,420,423	12,467,230
Age 65+	969,112	1,239,056	2,208,168
Age 18-64	5,113,605	2,275,004	7,388,609
Age 0-17	1,964,090	906,363	2,870,453

Legend: ■ 2000 ■ 2030

Projected % Increase by Age Category 2000-2030

Age Category	% Increase 2000-2030
Total	55%
Age 65+	128%
Age 18-64	44%
Age 0-17	46%

Legend: ■ % Increase 2000-2030

Fastest Growing Counties in North Carolina, 2000-2005

Legend	County	2000 pop	2005 pop	Change	State rank
	Union	123,677	162,929	31.6%	1
	Camden	6,885	8,967	30.2%	2
	Currituck	18,190	23,112	27.1%	3
	Hoke	33,646	41,016	21.9%	4
	Brunswick	73,143	89,162	21.9%	5
	Johnston	121,965	146,437	20.1%	6
	Wake	627,846	748,815	19.3%	7
	Chatham	49,329	58,002	17.6%	8
	Franklin	47,260	54,429	15.2%	9
	Iredell	122,660	140,920	14.9%	10

Counties Losing Population in North Carolina, 2000-2005
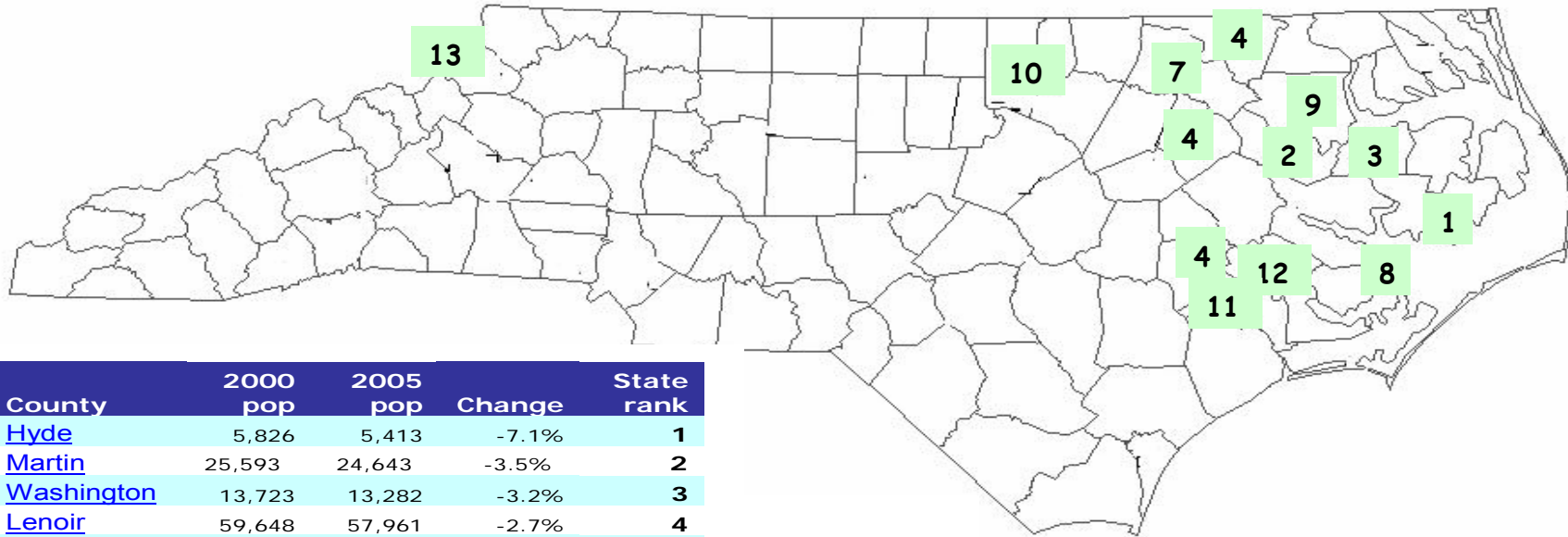
County	2000 pop	2005 pop	Change	State rank
Hyde	5,826	5,413	-7.1%	1
Martin	25,593	24,643	-3.5%	2
Washington	13,723	13,282	-3.2%	3
Lenoir	59,648	57,961	-2.7%	4
Edgecombe	55,606	54,129	-2.7%	4
Northampton	22,086	21,483	-2.7%	4
Halifax	57,370	56,023	-2.3%	7
Pamlico	12,934	12,735	-1.5%	8
Bertie	19,773	19,480	-1.4%	9
Warren	19,972	19,729	-1.2%	10
Jones	10,381	10,311	-1.0%	11
Craven	91,436	90,795	-0.8%	12
Watauga	42,695	42,472	-0.5%	13

Note: Columbus County experienced 0.0% growth

NC Counties with Most Persons Below Poverty Level
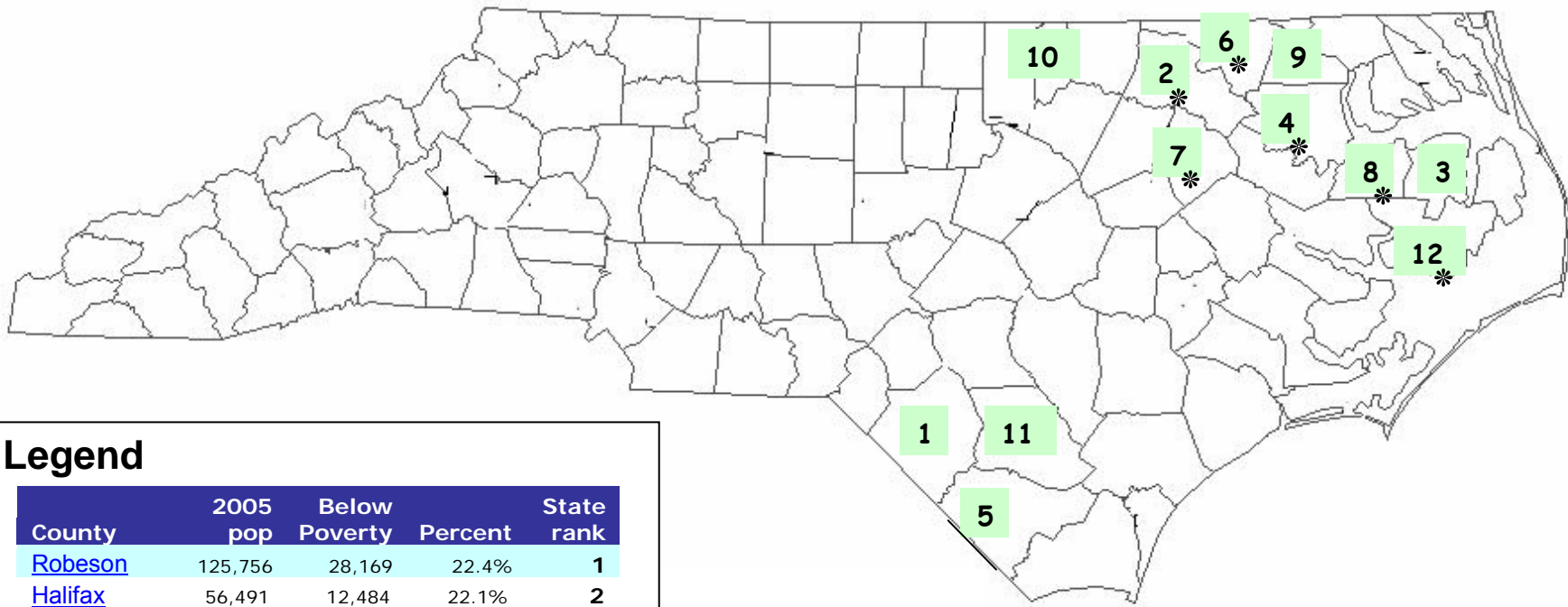
Legend

County	2005 pop	Below Poverty	Percent	State rank
Robeson	125,756	28,169	22.4%	1
Halifax	56,491	12,484	22.1%	2
Tyrrell	4,156	910	21.9%	3
Bertie	19,544	4,026	20.6%	4
Columbus	54,518	11,067	20.3%	5
Northampton	21,782	4,400	20.2%	6
Edgecombe	54,895	10,924	19.9%	7
Washington	13,399	2,640	19.7%	8
Hertford	22,310	4,350	19.5%	9
Vance	43,736	8,445	19.3%	10
Bladen	32,723	6,283	19.2%	11
Hyde	5,567	1,063	19.1%	12

* Hyde, Washington, Edgecombe, Northampton, Halifax and Bertie were also among the counties losing population in the period 2000-2005.

Budget and Finance

Although these same terms are used in the private and public sectors, the functions are quite different. In both the public and private sector, budget generally refers to an itemized summary of estimated or intended expenditures for a given period of time, or a systematic plan for the expenditure of a usually fixed resource during a given period, or the total sum of money allocated for a particular purpose or period of time. In both sectors finance encompasses the science of the management of money and other assets, but the tools to exercise this science are very different.

Unlike the private sector where there is a link between an increase in output and an increase in resources to create that output, this link does not exist in the public sector. Government agencies frequently are expected to deliver an increased level of service without an increase in resources.

Current Environment

NC DHHS receives money through a bewildering array of funding streams, federal grants and appropriations. Each division has a budget officer who interfaces with centralized functions in the Secretary's Office, most notably Budget & Analysis and the Controller's Office. B&A and the Controller, in turn, work with finance units at the state level to route information, generate requests, make transactions, and produce reports to keep the state and general public informed of NC DHHS's spending and priorities. All of these activities are monitored and validated and reported on by the Office of the State Auditor.

In managing this financial data flow, it is imperative that the department maintains a high level of interagency cooperation and communication to ensure that current information, work requirements and other demands are effectively and timely conveyed and that all agencies have adequate opportunity to participate in the budget management and development processes. In general, according to numerous interviews, NC DHHS has strong financial controls in place for the proper tracking of funds and expenditures.

Sometimes, the sheer size of NC DHHS is a disadvantage to obtaining needed funding from the state legislature. Too often, it is assumed that because the department has such a large budget, shortfalls will be made up and money can always be "found" to fill in the gaps. In the past, NC DHHS did have some ability to do this, but recent actions by the legislature have taken funds such as lapsed salaries off of the balance sheet, resulting in severely reduced flexibility. This has hurt the department's ability to find money each year to fund basic, recurring items such as utilities and DIRM operating expenses; but the effect goes well beyond to include most operational aspects of NC DHHS.

Key Operational Issues

The Office of State Budget and Management is working on a new "results-based" budget format for the 2007-09 Budget. The intent of Results Based Budgeting (RBB) is to improve the publics and decision makers' understanding of agency mission, goals, activities, impact and funding.

There are many positive aspects to RBB:

- RBB supports the department's performance management initiatives;
- It represents an opportunity to present meaningful information about program purpose and impact to the legislature to direct discussions on funding; and
- It will provide historic information on expenditures and positions at the division level.

Traditionally, the lack of transparency in financial information due to an outdated budget structure makes it very difficult to determine where money is going and for what purpose. While NC DHHS is able to do this to the satisfaction of its auditors, an enormous amount of effort is expended. Results based budgeting will make this information clearer and will enable resources to focus more on the impact of spending these dollars. The systems merger of the Program Management, Sub-Recipient Monitoring, and Contracts databases will provide a tool to make better judgments about how and where dollars are expended and whether performance objectives are being met. This, in turn, helps to inform management about spending priorities, funding overlaps, etc.

A common theme expressed in the divisions is the real and/or perceived funding inflexibility. This manifests in different ways, from the Office of Economic Opportunity, where federal grants mandate where and to whom dollars are to be directed, to Social Services, where funding inflexibility threatens to force the state into a national model that does not address specific needs in North Carolina (see the DSS profile on page 87 in Section Two). To avoid such difficulties, various divisions are exploring waivers that would authorize targeted spending in such areas as Foster Care and Medicaid eligibility.

Prior to 1991, a special NC provision (commonly known as Jordan-Adams) allowed for an automatic inflation factor to be added to budgets for such things as utilities, IT maintenance, and the cost of service delivery. Although codified in 1991 as G.S. 143-10.1A, the General Assembly has ceased appropriating funds for the purposes described. In DHHS, this results in chronic under funding, especially in state hospitals, special care units, and residential schools, and places automatic restrictions on budgets before any other considerations.

Sometimes restrictive funding is an illusion and results from over-interpretation of spending guidelines or a simple unwillingness on the part of a program manager to redirect or share funds. It is hoped that initiatives such as results based budgeting, program reviews, performance management, and IT consolidation will generate dialogue about creative, yet legitimate, use of funding streams.

As stated above, inadequate funding is a nearly universal complaint among divisions and offices. While this situation not likely to change, some NC DHHS managers are taking positive steps to reduce the department's financial exposure. DMH, in particular, has placed restrictions on which grants/demonstration project opportunities can be pursued based on (1) priorities for assigning scarce human resources and (2) whether the short term opportunity will require state recurring dollars in the future. This change in focus from decentralized grant pursuit to long term sustainability ultimately will result in a better financial environment for NC DHHS and improved, stable services to recipients.

The Secretary has also expressed a desire to maximize resources by focusing on operational improvement and positive changes in how programs and services are delivered. The Office of Policy and Planning has led efforts in a number of divisions to achieve process improvement, demonstrating that working more efficiently is an effective way to make better use of limited dollars. Chief among these efforts is the centralized Criminal Records Check Unit, where process improvements resulted in reducing a fifteen week mail backlog to zero and total cycle time from six months to less than two weeks.

Divisions are increasingly refining how they monitor and measure vendor performance against contract requirements and are applying outcome based management practices to improve how programs and

services are funded and targeted. Examples of these practices are found in Rural Health, where documented performance standards for NC health centers will buffer funding losses by providing an objective means of distributing available money; and in Child Development, where the division provides specific guidance to counties by requiring subsidy plans to be submitted and by establishing compliance ratings for counties.

Achieving Operational Success in Budget and Finance

With funding shortfalls identified as one of the top issues for the department, NC DHHS should take specific actions that will result in more money flowing in. These actions include pursuing waivers to increase the flexibility of federal dollars that are restrictive and that do not fully address specific needs in North Carolina; obtaining waivers to fund services to targeted recipients without imposing automatic eligibility for other programs and services; embracing the change to results based budgeting; and using tools such as the Performance Management Database to improve the quality and substance of communications to state offices and the legislature, and to ensure proper monitoring of programs and vendor performance as a way to maximize limited funds.

NC DHHS needs to take actions to make better, more efficient use of existing money such as increasing process improvement efforts in all divisions to improve operational efficiencies and streamline service delivery; and improving efforts in grant monitoring and training to ensure compliance with federal guidelines, justify cost allocations, and replace the knowledge base lost through retirements and attrition.

Finally, while recognizing that NC DHHS must pursue promising demonstrations that help to test new programs and innovative ways of service delivery, the department needs to prioritize and reduce grant taking that imposes unsustainable financial obligations on the state. To this end, management should identify and reduce the numbers of federal grants in NC DHHS that establish non-sustainable programs and services. These activities would be facilitated by improved systems to catalogue and track active or proposed grants in NC DHHS.

Communications

> *Communications* **refers to all aspects of organizational communication up and down and across divisions within NC DHHS, including marketing, public relations, and internal communications.**

Current Environment

In most organizations, communications is considered an employee core competency. In NC DHHS, it is more than that—it is fundamental to everything we do, from intergovernmental operations, to working with constituents, advocates, and the general public, to program and service delivery. This section focuses mostly on the human element of communications, but in part touches on events occurring in other functional areas identified in this business plan.

NC DHHS has established strong external communications networks throughout the state. These networks are represented by a host of entities wherever programs and services are rendered, such as social service offices, LMEs, community care centers, health departments, independent living centers, vocational rehabilitation centers, district offices of the divisions of Services for the Blind and Deaf and Hard of Hearing, Regional Resource Centers for the Deaf and Hard of Hearing, and a host of other networks and providers too numerous to mention. External communications vehicles that link NC DHHS directly to the public include the CARE Line in the Office of Citizen Services, call centers in Medical Assistance, Mental Health, and Social Services, and complaint lines in various divisions.

At the onset of her administration, Secretary Hooker-Odom identified improving internal and external customer service as one of her top priorities. Good customer service places a premium on good communications, and this is reflected in many of the policies, directives, task forces and work groups throughout the department. Various forms of electronic media—email, calendaring, teleconferencing, internet—supplement face-to-face communications and are used extensively throughout NC DHHS. Employees share information through on line newsletters produced by the department and by various divisions.

One of the most important means of communicating externally as well as internally is the NC DHHS website and all of the associated links to division, local, state, and federal websites. An accessible "E-government" is increasingly expected among consumers and businesses that interact with government. Historically, NC DHHS websites and linkages proliferated in a relatively uncoordinated manner, resulting in information silos that have to be separately maintained and navigated. The amount of content is impressive, but the structure results in redundant information and maintenance efforts. These inefficiencies are costly for the state and frustrating for the average user who often struggles to find specific information on a particular topic.

The website is currently being transitioned under the leadership of the Office of Public Affairs to an intentions-based design that will organize information in a much more logical way than in the past. While divisions will maintain responsibility for content, NC DHHS will make significant changes to navigation, appearance, and accessibility. Information will be more readily accessed by all classes of users, including

those with disabilities and Spanish language populations. Also, due to the array of different cultural backgrounds of North Carolina's residents, the information will be written at an eighth grade level.

In a department where daily activities are largely governed by rules, policies and federal/state regulations, communicating and ensuring understanding of such information is critical. Under the leadership of the Office of Policy and Planning, NC DHHS maintains an extensive on-line repository of department policies and directives, along with an effective review and approval process utilizing the expertise of policy owners and policy coordinators in every division and office. The Division of Medical Assistance has in place an effective Medicaid policy review process that functions in much the same way. Such processes provide for feedback, discussion, and coordination that otherwise would prove difficult in such a large organization.

Key Operational Issues

Despite the effort and energy devoted to communications in the department, this business planning process revealed a number of opportunities for improvement. A key issue is how information is stored and managed. For a variety of reasons—some historical, some reflecting funding sources, some technical in nature—information tends to be held in silos; that is, information in one area is often unavailable— even off limits—to employees working in other areas, sometimes even in the same division. There are instances where this approach is appropriate, especially where federal or state statutes require restricted access. On the other hand, there are many more instances where restricting the flow of information impairs program or service delivery, encourages duplication of data gathering and storage, and otherwise increases the cost of operations while lowering productivity. This issue, which is further explored in other sections of this Business Plan, has emerged as one of the fundamental change opportunities in NC DHHS; that is, to establish a culture and a technical environment where information is more freely shared across division lines and where ownership is vested with the department and/or the state as opposed to individual divisions or programs.

> *While it is true that face-to-face meetings are one of the best ways to communicate important issues, they are not necessarily the best way to make difficult decisions. Large meetings are an excellent way to deliver a message or present information in a way that ensures consistency. However, when meetings get too large, the faces and the messages get blurred— particularly if the person holding the meeting is not an effective facilitator. Discussions become diffused and decisions are frequently tabled while more information is gathered that may or may not inform a particular action. In other cases, the right people are not invited to meetings that they should be attending. Understanding the purpose of a meeting – whether it is to share information and facilitate discussion or to make decisions – is a main driver in determining who sits at the table.*

If "information is power," then "information sharing" is even more powerful. A number of senior managers have expressed frustration with the inefficient flow of information across division lines. Some have blamed this on organization structure; others say simply that the right people are not in the right room at the right time. Still others cite the technical environment, saying that even when desired information exists, it is unavailable for a variety of reasons including access restrictions, incompatible systems or terminology, or lack of adequate identifiers to verify data.

Beyond access, NC DHHS managers expressed the need for the department to make better use of information at hand. Some operations collect a large volume of complaint information, but fail to analyze it fully to aid efforts in early problem detection and resolution. Taking action in this area is the Division of Facility Services, which obtained a one-time appropriation to upgrade its telephone complaint line to improve call data storage, analysis, and response.

NC DHHS also needs to take a more formal approach to delineating and assigning responsibility for three traditional functional areas: Marketing, Public Relations and Internal Communications. To the extent that these roles are mixed, intended audiences may be underserved or may receive messages in inappropriate ways. A number of divisions express the need for their programs and services to be better marketed to the potential user community. The Division of Services for the Blind, for example, believes that there are a large number of potential beneficiaries who could be served if they were more aware of what the state offered. Lacking marketing resources within their own operations, some of these divisions wish to see this type of service provided by the Office of Public Affairs. This expressed desire for marketing resources (and specialized skill sets) is another example of how new business skills are being identified in the department and could contribute to greater success.

There is a need for divisions to be more proactive in shaping the public's knowledge of NC DHHS programs and services. This type of promotion will tend to increase public support of human services at the same time that it informs potential beneficiaries. DMH/DD/SAS, in particular, has spoken to the difficulty in conveying to the public and legislature the complexities of mental health transformation and impact on local communities.

To a large extent, internal communications in NC DHHS reflects the department's decentralized and geographically dispersed structure. There is no coordinating body for internal communications, although some efforts have occurred through the Secretary's Customer Service Task Force via a focus on the internal customer. By delineating a special role for internal communications, NC DHHS can enhance the quantity and quality of shared information and establish more consistency in the messages being delivered and received.

Finally, in order to shape the message over time, the department must continually improve the way that it listens. In additional to the various networks, call centers, complaint lines, and working groups, NC DHHS has obtained funding for a web-based survey tool to measure, understand, and improve the quality level of programs and services. Clearly communications plans around major initiatives and issues are necessary. There is a saying, "The biggest problem of communications is the illusion that it has occurred." NC DHHS managers have identified lack of feedback as one of their main communications issues. Whether conducted formally through surveys, questionnaires, or complaint analysis, or informally through simply listening better, feedback is a first step in making improvements, being more proactive, and generally doing more to achieve customer satisfaction.

Achieving Operational Excellence in Communications

There is more to communications than delivering a message. For communication of any sort to be truly effective, it should influence behaviors in some positive way--changed behavior is the desired outcome. This is true whether the communication is to an internal audience about organization goals, program and service activities, or process improvement. It is true in external communications when issues are explained to the public or potential service recipients are identified for targeted messages. This is why communications is a core competency and requires a formal strategy for implementation.

One of the ways the department is working to achieve operational excellence in communications is by organizing the communications function (as defined in this business plan) to distinguish specific competencies and establish targeted resources for marketing, internal communications, and external communications/public affairs. Part of this effort would be to increase and coordinate efforts between divisions and the Office of Public Affairs to market programs and services to potential recipients. Just as

important is the need to formalize the internal communications function to enable strategic activity rather than ad hoc communications.

An important milestone for NC DHHS is to complete development of the electronic survey tool initiated by the Customer Service Taskforce and train employees in its use. The survey tool will be useful for not only soliciting input about NC DHHS performance, but also for general information gathering that will inform individuals responsible for program development and service delivery.

NC DHHS must also do more to share/consolidate call center resources to improve response and resolution to customer inquiries and improve how complaints are received, analyzed, acted on and resolved. While it usually is desirable to establish many portals of entry to the complex NC DHHS array of programs and services, sometimes these portals can diminish, not enhance, the public's ability to negotiate the bureaucracy.

Communications may also be inhibited by an inability to share information in databases across programs and/or divisions. Oftentimes, information islands are created specifically because users either cannot access needed data that already exists, or finds the available data inadequate for their needs. This dilemma reinforces the need to fully identify information needs across the department and maximize NC DHHS's ownership of information so that it can be shared and accessed by more users.

Buildings and Facilities

> *Buildings and facilities* refers to the management and use of all physical locations available to the organization, whether owned or leased, in such a way as to facilitate efficient delivery of services.

The Current Environment

NC DHHS currently occupies over 900 buildings throughout the state, most of which were constructed over a 150 year period between the late 1800s and the 1950s. These include hospitals, schools, rehabilitation centers, offices, and many buildings in the town of Butner. In addition to the many facilities owned by NC DHHS, there are also over 200 leased properties utilized by the department. As the GIS derived map at the end of this section illustrates, NC DHHS has facilities throughout the state, greatly easing citizens' access to the department.

There are many positive things happening with NC DHHS buildings and facilities. A new state of the art psychiatric hospital is under construction in Butner, and funding has been approved for two new replacement hospitals and a combined new facility for the state lab and medical examiner. The planned closing of the Dorothea Dix hospital opens new possibilities for the use of the Dix campus. Also, the department has recognized strong, professional leadership in its Office of Property and Construction that has made improvements in the internal management of facilities.

Key Operational Issues

NC DHHS' old and outdated buildings pose many challenges to facilities management and are the source of frequent complains and requests from divisional staff. The scope of required renovations and repairs exceeds the state's ability to fund adequately. In many cases the buildings have out-dated designs that do not optimally support today's operations. The old buildings also present workplace environment quality issues. A work environment that is aesthetically unpleasant is not optimal for working and doing business and affects morale and public perception.

Additionally, there is much opportunity to improve the effectiveness of facilities utilization and staff location. For example, much of the NC DHHS staff in Raleigh are scattered across the city. The controller's office is in three locations. The Division of Medical Assistance exceeded capacity in its buildings on the Dorothea Dix campus and had to put personnel in another office downtown. Even on the Dorothea Dix campus, personnel are scattered. The Division of Facility Services has personnel in multiple building on the campus. This situation is replicated in other areas of the state. In addition to staff location, there is much opportunity to improve inventory management, as warehousing and storage space could be used much more efficiently through a Just in Time.

A significant challenge faced by the department in managing buildings and facilities is the layered oversight and review imposed by the state, which significantly reduces the department's flexibility and response time. Since funding is dictated down to the project level, it is very difficult to make necessary changes to project plans due to such occurrences as changes in the costs of materials or needed project revisions. Also, even minor changes in the spending plan for COPs (certificates of

participation) used to fund the new Butner hospital have to be reviewed by numerous state agencies. Although OPC has responsibility for managing leases, it has little authority in the leasing process and in determining whether a property will satisfy the needs of the department. Additionally, all leases, regardless of size must be reviewed by the Council of State.

## Achieving Operational Excellence in Buildings and Facilities

NC DHHS needs more flexibility in decisions about the use of capital funding. Money, time and resources could be saved if, instead of having funding dictated down to the project level, the department had the ability to manage capital budgets in response to changing conditions. The department has been successful in lobbying for revisions to administrative rules that have improved its ability to get construction projects completed in a timely and efficient manner; however more changes are needed.

The scattering of personnel, old and outdated buildings, and lack of optimal co-locating across the state have negative impacts on business operations. One of these is the cost of travel both in terms of time and energy expense. More optimally locating staff would increase worker productivity and the effectiveness of communications. Identifying opportunities to consolidate personnel in common facilities across the state also has the potential to reduce facilities costs, improve the quality of facilities, and improve worker productivity. These issues also have a direct impact on effectively and efficiently managing the IT infrastructure. Given these impacts to operations, the upcoming changes to the Dorothea Dix campus, the department would benefit from an in depth study of facilities utilization from a business functions standpoint.

If the spending plan for Certificate of Participation funds for construction from the Capital Facilities Finance Act is revised even slightly to meet changing needs, such as material costs, the request for the change has to go through Government Operations and Council of State, as well as numerous other state organizations, including State Construction and State Budget. This can add months of delays.

Along with a study on facilities utilization, the department would benefit from a study on how inventory is managed. Automation in the inventory management could greatly improve the efficient utilization of storage and warehouse space as well as the cost of have excessive inventory on hand. Additionally, the ability to utilize geographic information system technology would greatly improve the management, movement of space and be an additional safety factor in responding to emergency situations.

North Carolina Department of Health & Human Services
Division, Program, and Office Locations
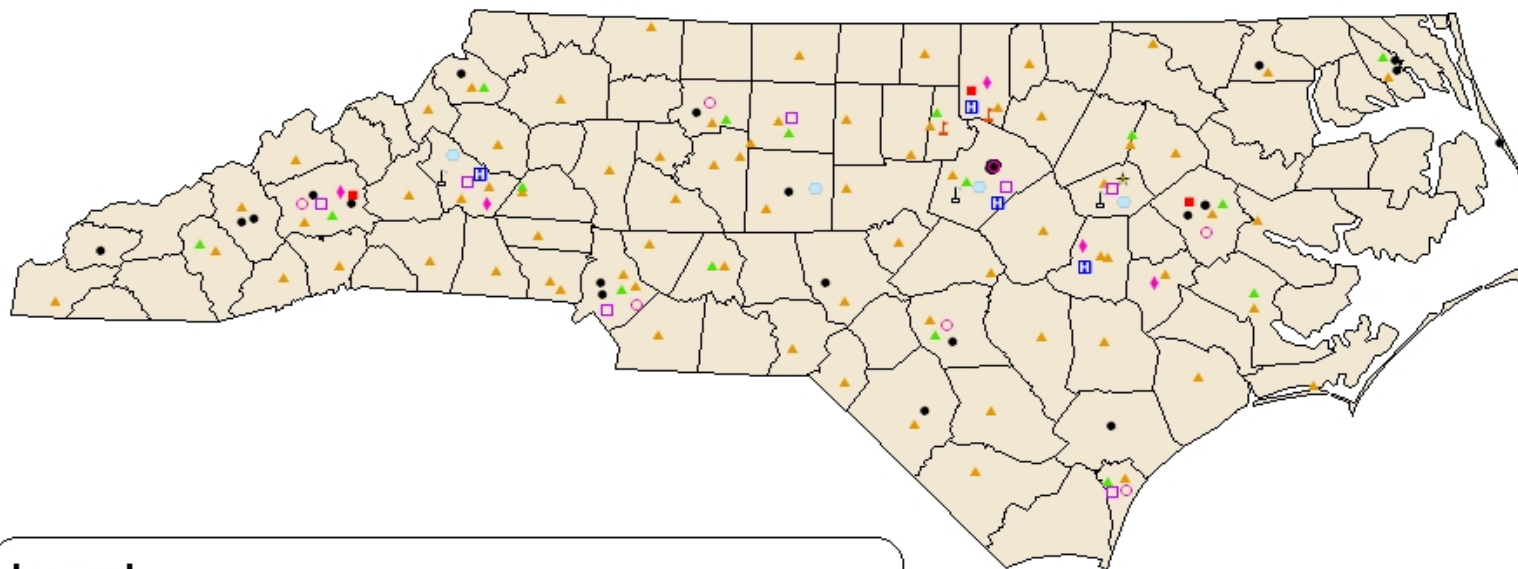
Legend

- ■ ADATC
- ○ Blind Services District Offices
- □ Deaf Services RRC
- ● EI Programs
- ♦ MHDDSAS Centers
- ⌐ MHDDSAS Schools
- ⌐ OES Schools
- Ⓗ Psychiatric Hospitals
- ★ Special Center
- ▲ Voc Rehab Living Sites
- ▲ Voc Rehab Local Offices
- ● Other Program and Office Sites

Note: Not actual locations, for display only.

State Center for Health Statistics